IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

FIRST APPELLATE DISTRICT

DIVISION FOUR

CHURCH OF SCIENTOLOGY, INTERNATIONAL, Plaintiff/Respondent, vs. GERALD ARMSTRONG, Defendant/Appellant.	NO. A075027

CLERK'S TRANSCRIPT ON APPEAL

FROM A JUDGMENT MADE AND ENTERED

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

MARIN COUNTY COURTS

VOLUME 25

For the Plaintiff/Respondent:

Andrew Wilson, Esq.
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115 Sansome Street, 4th Floor
San Francisco, CA 94104

For the Defendant/Appellant (In Pro Per):

Gerald Armstrong
715 Sir Francis Drake Blvd.
San Anselmo, CA 94960

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

MARIN COUNTY COURTS

DEPARTMENT 1

CHURCH OF SCIENTOLOGY, INTERNATIONAL,)
Plaintiff,)
)
vs.)
)
GERALD ARMSTRONG,)
Defendant.)
)

No. 157680

GARY W. THOMAS	JUDGE
JOHN P. MONTGOMERY	COURT EXECUTIVE OFFICER
ELAINE PASSARIS	REPORTER

For the Plaintiff:

Andrew Wilson, Esq.
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For the Defendant (In Pro Per):

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U.S. DISTRICT COURT
DIST. OF CALIF.

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Attorney for Plaintiffs
VICKI J. AZNARAN and
RICHARD N. AZNARAN

RECEIVED
SEP 07 1991
HUB LAW OFFICES

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

VICKI J. AZNARAN and RICHARD N. AZNARAN,

Plaintiffs,

vs.

HURCH OF SCIENTOLOGY OF CALIFORNIA, et al.,

Defendants.

AND RELATED COUNTER CLAIM

No. CV-88-1786-JMI(Ex)

DECLARATION OF GERALD ARMSTRONG REGARDING ALLEGED "TAINT" OF JOSEPH A. YANNY, ESQUIRE

Date: September 9, 1991
Time: Discretionary
Ct: Hon. James M. Ideman

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DECLARATION OF GERALD ARMSTRONG

I, Gerald Armstrong, declare and state that:

1. I was a Scientologist and held many positions in many sectors of entology, hereinafter referred to as "the organization," from 1969 to 1981. ave been involved in organization litigation as a witness, defendant, intiff and paralegal from 1982 until the present. I have testified in three als and in depositions in ten organization cases approximately forty-seven ys. I have authored over twenty-five declarations concerning L. Ron bbard, Scientology practices and the litigation. I am by trade a ilosopher, writer and artist. In 1986 I founded a church which now has any members internationally.

2. I am the defendant and cross-complainant in the case of urch of Scientology of California v. Armstrong Los Angeles Superior Court o. C420153. A decision in that case was rendered after a lengthy bench ial by Judge Paul G. Breckenridge, Jr. on June 20, 1984. The California ourt of Appeal opinion, No. B025920, issued July 29, 1991, affirming the uperior Court's decision, has recently been filed in this case as an exhibit to e Aznarans' oppositions.

3. In December 1986 I entered into a settlement agreement with the rganization, a copy of which is filed herewith as Exhibit 1. The organization id not honor the agreement, however, but has continued a program of hreats and attacks to this day. I have detailed what I knew of these threats nd attacks up to March 15, 1990 in my declaration of that date. The ircumstances at the time of the settlement and a rebuttal of various organization attacks are contained in a declaration I executed on December 25, 1990. I can supply these declarations to the Court if it so wishes.

4. I make this declaration to respond to various allegations about me de by the organization in its papers recently filed in this case.

5. Organization attorney Laurie Bartilson states that my aid to orney Ford Greene in preparing the Aznarans' recently filed oppositions to ganization motions "violated this Court's orders and the Local Rules." efendants' Opposition To Ex Parte Application To File Plaintiffs' Genuine atement of Issues [sic] Re Defendants' Motions (1) To Exclude Expert stimony; and (2) For Separate Trial On Issues of Releases and Waivers; quest that Oppositions Be Stricken; hereinafter "Opp To Ex P", p.2,3.) I aid r. Greene and the Aznarans out of my own free will and my sense of right d wrong. If I am ordered by any lawfully constituted court to cease ndering such aid I will.

6. Ms. Bartilson states that I "[am] employed by Joseph Yanny on this ery case." (Opp To Ex P p.4) I am not.

7. Ms. Bartilson states that for me "to now have switched [my] aid to reene's office further taints all (emphasis in original) of the papers filed by reene..." (Opp To Ex P p.5) It doesn't, because there was not and is not any aint..

8. Ms. Bartilson states that my aiding Mr. Greene "is grounds for [his] isqualification." (Opp to Ex P p.5) It isn't; but if this Court were so to order ne, I will comply.

9. Ms. Bartilson suggests that Mr. Greene should be disqualified ecause I am "a paralegal formerly employed by defendant's lawyers." (Opp o Ex P p.5) I have never been employed by any organization lawyer.

10. Ms. Bartilson declares that "[she has] been informed by private nvestigators hired by [her] law firm that [I] was present at Ford Greene's ffices many times from August 3, 1991 through at least August 21, 1991,

n for hours and days at a time." (Opp To Ex P p.9,para 4) I was outside United States from August 3 until August 10, and not in Marin County ere Mr. Greene's office is located until August 13, 1991. Filed herewith as ibit 2 are copies of my boarding passes for my flights from San Francisco Johannesburg, South Africa on July 19 and 20, returning August 9 and 10.

11. Organization attorney William Drescher states that "[a]s [I am] nny's paralegal on this case, [my] new affiliation as an assistant to Ford eene is truly outrageous." (Supplemental Memorandum In Support of fendants' Motion To Dismiss Complaint With Prejudice; hereinafter "Supp emo," p.4) I am not Mr. Yanny's paralegal on this case, and my affiliation th Mr. Greene is wholly peaceful, lawful, decent, helpful, respectful, and umorous.

12. Mr. Drescher states that "Yanny's involvement in this case ntinues, this time through a different "extension"--the improper activities Yanny's paralegal, Gerald Armstrong." (Supp Memo p.5) I am not Mr. anny's paralegal. I answered his call for help during the period he was torney of record in this case. I spent parts of two days on July 15 and 16 Mr. Yanny's office during which time the only "work" I did was to write wo declarations, one of which was also used by Mr. Greene. Mr. Yanny gave e no instructions or suggestions at any time to pass on to Mr. Greene or to nyone else involved in the Aznaran litigation. I am not Mr. Yanny's extension" into this case. This organization's actions in attempting to deny heir victims, the Aznarans, not only legal representation but support to the Aznarans' legal representatives is what is improper.

13. Mr. Drescher states that in 1984 I was "plotting against the Scientology Churches and seeking out staff members who would be willing to assist [me] in overthrowing Church leadership." (Supp Memo p.5) The

anization is not a church. Organization operatives David Kluge and :hael Rinder sought me out and gained my trust through a close friend om the organization coerced into participating in an operation to attempt entrap me. The organization operatives stated that they wanted to reform organization and rid it of its criminal activities and they asked me to p. They said they wanted to save Scientology from its criminal dership. They stated they were operating secrectly within the ganization for fear of, inter alia, being killed. They used my willingness to mmunicate and to help to attempt to enveigle me into the commission of a me. When that failed, the organization simply twisted my refusal to rticipate in the suggested criminal act into further accusations.

14. Mr. Drescher states that "[t]he Church obtained information about ıy]plans and, through a police-sanctioned investigation, provided [me] with e "defectors" [I] sought." (Supp Memo p.5) That the organization and its wyers have told this lie so many times in so many jurisdictions over so any years has not made it any more true now than when they concocted e plot. I was videotaped. The videos are still embarrassing to me because use foul language. What I say does not mean what the organization and its wyers say it means. A private investigator (who, during this period ıreatened to put a bullet between my eyes) obtained a false authorization om an LAPD officer, who was himself suspended six months for his articipation in the crime. The organization did not obtain information about ıy plans; it created the whole operation, including what my "plans" were to e.

15. Mr. Drescher states that "[o]n November 30, 1984 [I] met with one Aichael Rinder, an individual whom [I] thought to be one of [my] "agents" but who in reality was loyal to the Church)" (parens in original). (Supp

mo p.5) I never considered Rinder my agent, nor did I consider that I i any agents. Rinder was not loyal to the "church." He was being operated what the operatives called the "criminal leadership."

16. Mr. Drescher states that "the conversation [was] recorded with itten permission from law enforcement." (Supp Memo p.5) It wasn't. The ief of the LAPD denied authorizing the illegal operation, and the officer as suspended for his "permission."

17. Mr. Drescher quotes some out-of-context statements from my ovember 1984 meeting with Michael Rinder and avers that they meant at I was recommending that the group of "reformers" did not need "actual vidence of wrongdoing to make allegations in Court against the Church adership." (Supp Memo p.5) My answer to Rinder is out of frustration ecause he appeared to be unable to understand that a complaint contains llegations, and the proof of the allegations is achieved through ocumentation and testimony, including even the well-known fact of the rganization's long history of destruction of evidence, obtained through the tigation up to the end of trial. Elsewhere and in other conversations I iscussed with the "reformers" what was actually known and documented, nd which could be alleged in the complaint they insisted they wanted to ile. I discussed with the "reformers" an inventory of criminal acts for which we knew the organization was responsible. They included burglary of state and federal offices, theft, obstruction of justice, blackmail, assault, civil rights violations, immigration fraud, tax fraud, attempted entrapment of Federal Judges, framing of my own attorney Michael Flynn, the use of preclear folder information against all Scientologists, all the acts which flowed from ""fair" game," and the use of their charitable corporation funds to carry out these criminal acts.

18. Organization attorney Eric Lieberman states that "the utter egard of the truth that the Aznarans have made the trademark of their ;ation effort, bears the unmistakable signature of Gerald Armstrong, ose theory of litigating against Churches of Scientology, as captured on eotape in 1984, is not to worry about what the facts really are, but tead to choose a state of "facts" that should survive a challenge by the ırch and "just allege it."" (Reply In Support of Defendants' Motion For nmary Judgment Based On the Statute of Limitations; hereinafter "Reply .t Lim," p.2,3) This is not true. It is simply further exploitation of the ılts of the organization's covert actions against me: the illegal 1984 leotape regarding what the organization calls the "Armstrong Operation," .ti[illegible] started to help Mr. Greene, I had nothing to do with the Aznaran case, ıich was filed in April 1988, except for my help to Mr. Yanny described in ıragraph 12 above. I have given no facts to the Aznarans, nor any legal rategy. Besides the declarations I have written, all of which are now efore this Court, I have written not one word in any of the filed papers. My elp to Ford Greene in all of the papers recently filed has been in roofreading, copying, collating, hole-punching, stapling, stamping, ackaging, labeling, air freighting and mailing. Mr. Greene and I have had everal conversations during this period, some of which certainly concerned ıe litigation.

19. Mr. Lieberman states that "[i]t is clear that [my] influence and hilosophy permeates the Aznaran's oppositions." (Reply Stat Lim p.3) I ray that that is true, because my philospphy in litigating against the rg[illegible]ization is to tell the truth, have the faith that, no matter what lies the rganization tells or operations it runs or how threatening the organization ppears to be, truth will prevail; that, no matter how the organization

:verts the law, manipulates courts, testifies falsely, fights unfairly, wields igion as a sword and then a shield and abuses the legal process, justice ll, if fought for honorably, triumph.

20. Mr. Lieberman states that "[o]n August 19, 1991 [I] admitted to e of defendants' counsel that [I] was at Greene's office "helping out."" eply Stat Lim p.3) I admitted no such thing. I was doing nothing even intly improper which would require admission. I have been completely up ont about my being in Mr. Greene's office and helping him. It is the ganization which has skulked around and engaged in improprieties which should admit to. I was so shocked when I discovered the organization eratives videotaping me on August 20 that I wrote Mr. Lieberman to otest the harassment. When I found the operation continuing on August 1 I again wrote Mr. Lieberman, and called his office, advised one of his ssociates of the operation and pleaded that it be called off. Copies of my tters are filed herewith as Exhibits 3 and 4. Mr. Lieberman has not nswered my letters, has not mentioned them in his papers, which he signed n August 26, but has escalated the attack on my character and intentions. he operation has continued at least until August 30. Because of its form nd nature, and because of my knowledge of organization operations and its hilosophy of opportunistic hatred, I believe that this operation does not ave as its major goal the proof that I am helping Mr. Greene. I believe its goal is intimidation and the assembly of intelligence information for future icts.

21. Mr. Lieberman states that "the real thrust of the Aznarans' Opposition is....the "just allege it" philosophy of Yanny's paralegal, Gerald Armstrong." (Reply Stat Lim p.33) I am not Mr. Yanny's paralegal, and "just allege it" is really the organization's litigation theory. L. Ron Hubbard

blished the Guardian's Office and then the Office of Special Affairs to y out his way of litigating.

> "In the face of danger from Governments or courts......
> If attacked on some vulnerable point by anyone or anything or any organization, always find or manufacture (empasis added) enough threat against them to cause them to sue for peace." L. Ron Hubbard, Policy Letter of 15 August, 1960 "Dept of Govt Affairs." (Exhibit 5)

22. Mr. Lieberman states that "[my] "helping out" while the Opposition s concocted not only reveals the continuing taint of Yanny's involvement h this case, it establishes the guiding principle that resulted in [the] position..." (Reply Stat Lim p.34) Not one thing, not the ability to ofread, photocopy, collate, hole-punch, staple, package, label, air freight mail that I did in connection with the preparation of the Aznarans' positions, did I learn from Mr. Yanny. Not the ability to spot and confront ganization operatives did I learn from Mr. Yanny. Not the ability to write, r any fact or idea or word in any declaration did I learn from Mr. Yanny. I ve been the target of "fair" game since I left the organization in 1981, and derstand its philospy. I know the organization's litigation theories and actices and I understand the psychopathology of L. Ron Hubbard and why and his organization came to be viewed by Courts as paranoid and hizophrenic. There is nothing Mr. Yanny could possibly tell me which ould surprise me or be additional to what I know about this organization. r. Yanny has provided no "guiding principle" whatsoever. The organization, making and maintaining fair game as its guiding principle, established the iiding principle in this litigation. The fair game doctrine will dog the ganization as long as there are honest and free men or until the

anization, not denies its existence, but completely and sincerely udiates it.

23. Mr. Lieberman states that "[my] philosophy of litigation is that ts and the truth are irrelevant and that all that is required to prevail is to ege whatever needs to be alleged." (Reply Stat Lim p.34) I have survived the cross-examination and depositions by the organization, the cumentation attacks by the organization, the character assassination by e organization, the use of my preclear folder information, the operations, e threats, the assaults, because truth is relevant. Although there idoubtedly is some memory loss over the past twenty-two years, and though there may even be some discrepancies in forty-seven days of vorn testimony, I have survived examination and cross-examination ecause I have, as much as is humanly possible, told the truth. I have said hat I have known, known when I didn't know something, and stated my pinions as opinions. It is my opinion that one honest man can confront and anquish a dishonest organization, no matter how big or how organized. ratefully there are a few honest men to make the work lighter.

24. Mr. Lieberman states that "[t]he Aznarans' desperation to defeat his motion is so profound that they resort not only to the "just allege it" tigation philosophy of Joseph A Yanny's paralegal assigned to this case, erald Armstrong, but also to enlisting Armstrong's help in this cynical, say-nything-you-have-to approach to the truth." (Reply In Support of Defendants' Motion For Summary Judgment Pursuant To the First Amendment; hereinafter Reply First Am, p. 2) I am not Mr. Yanny's paralegal, and I am not assigned to this case. The desperation which resulted in the enlisting of my help had a purely logistical basis. Mr. Greene faced a mountain of organizational motions which required oppositions, and

time to do them. He has no employees but a secretary who comes in a ple of evenings a week sometimes and sometimes on Saturdays. He eded simple office backup in the form of proofreading, photocopying, lating, hole-punching, etc. I am blessed with those simple office skills, i I have a knowledge of the subject matter and the cause in which Mr. eene labors. I am aware of the awesome disparity of resources between . Greene and the army of law firms, lawyers, paralegals, secretaries, and ganizational legal machinery of his opposition. I am aware of the ganization's policies and practices of neutralizing or eliminating the legal pport of its enemies. How could anyone resist a call to help in this uation? It was not a conspiratorial thought that plunked me down over a ar ago within running distance of the Hub Law Offices and sporting the me zip code. What It was was merely making the inevitable not only nny but easier.

25. Organization attorneys have made much of the fact that Joseph anny has been enjoined from representing me in litigation adverse to the ganization. (Op To Ex P p.10; Supp Memo p.4) He is, of course, its former torney. I have been working with Mr. Greene since August 17. I have not een nor heard one word of Mr. Yanny's influence in this case, beyond the act that the organization just alleged it.

I declare under penalty of perjury under the laws of the State of alifornia and the United States that the foregoing is true and correct.

Executed on September 3, 1991 at Sleepy Hollow, California.

U AL RELEASE OF ALL CLAIMS AND SETTLEMENT AGREEMENT

1. This Mutual Release of All Claims and Settlement
reement is made between Church of Scientology International
ereinafter "CSI") and Gerald Armstrong, (hereinafter
laintiff") Cross-Complainant in Gerald Armstrong v. Church
Scientology of California, Los Angeles Superior Court,
se No. 420 153. By this Agreement, Plaintiff hereby
ecifically waives and releases all claims he has or may have
om the beginning of time to and including this date,
cluding all causes of action of every kind and nature,
own or unknown for acts and/or omissions against the
ficers, agents, representatives, employees, volunteers,
rectors, successors, assigns and legal counsel of CSI as
ll as the Church of Scientology of California, its officers,
ents, representatives, employees, volunteers, directors,
ccessors, assigns and legal counsel; Religious Technology
enter, its officers, agents, representatives, employees,
lunteers, directors, successors, assigns and legal counsel;
l Scientology and Scientology affiliated organizations and
tities and their officers, agents, representatives,
ployees, volunteers, directors, successors, assigns and
egal counsel; Author Services, Inc., its officers, agents,
epresentatives, employees, volunteers, directors,
uccessors, assigns and legal counsel; L. Ron Hubbard, his
eirs, beneficiaries, Estate and its executor; Author's
amily Trust, its beneficiaries and its trustee; and Mary Sue
ubbard, (all hereinafter collectively referred to as the

GA

19.

A.

e asees"). The parties to this Agreement hereby agree as llows:

2. It is understood that this settlement is a compromise f doubtful and disputed claims, and that any payment is not o be construed, and is not intended, as an admission of iability on the part of any party to this Agreement, pecifically, the Releasees, by whom liability has been and ontinues to be expressly denied. In executing this ettlement Agreement, Plaintiff acknowledges that he has eleased the organizations, individuals and entities listed n the above paragraph, in addition to those defendants ctually named in the above lawsuit, because among other easons, they are third party beneficiaries of this Agreement.

3. Plaintiff has received payment of a certain monetary sum which is a portion of a total sum of money paid to his attorney, Michael J. Flynn. The total sum paid to Mr. Flynn is to settle all of the claims of Mr. Flynn's clients. Plaintiff's portion of said sum has been mutually agreed upon by Plaintiff and Michael J. Flynn. Plaintiff's signature below this paragraph acknowledges that Plaintiff is completely satisfied with the monetary consideration negotiated with and received by Michael J. Flynn. Plaintiff acknowledges that there has been a block settlement between Plaintiff's attorney, Michael J. Flynn, and the Church of Scientology and Churches and entities related to the Church of Scientology, concerning all of Mr. Flynn's clients who were in litigation with any Church of Scientology or related entity. Plaintiff has received a portion of this block

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m nt, the receipt of which he hereby acknowledges. laintiff understands that this amount is only a portion of he block settlement amount. The exact settlement sum eceived by Plaintiff is known only to Plaintiff and his ttorney, Michael J. Flynn, and it is their wish that this emain so and that this amount remain confidential.

ignature line for Gerald Armstrong

4. For and in consideration of the above described onsideration, the mutual covenants, conditions and release ontained herein, Plaintiff does hereby release, acquit and orever discharge, for himself, his heirs, successors, ex utors, administrators and assigns, the Releasees, including Church of Scientology of California, Church of Scientology International, Religious Technology Center, all Scientology and Scientology affiliated organizations and entities, Author Services, Inc. (and for each organization or entity, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel); L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and trustee; and Mary Sue Hubbard, and each of them, of and from any and all claims, including, but not limited to, any claims or causes of action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153 and all demands, damages, actions and causes of actions of every kind and nature, known or unknown,

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or or because of any act or omission allegedly done by the eleasees, from the beginning of time to and including the date ereof. Therefore, Plaintiff does hereby authorize and direct is counsel to dismiss with prejudice his claims now pending in e above referenced action. The parties hereto will execute nd cause to be filed a joint stipulation of dismissal in the orm of the one attached hereto as Exhibit "A".

A. It is expressly understood by Plaintiff that this elease and all of the terms thereof do not apply to the ction brought by the Church of Scientology against Plaintiff or Conversion, Fraud and other causes of action, which ction has already gone to trial and is presently pending efore the Second District, Third Division of the California pellate Court (Appeal No. B005912). The disposition of hose claims are controlled by the provisions of the ollowing paragraph hereinafter.

B. As of the date this settlement Agreement is executed, here is currently an appeal pending before the California ourt of Appeal, Second Appellate District, Division 3, arising out of the above referenced action delineated as Appeal No. B005912. It is understood that this appeal arises out of the Church of Scientology's complaint against Plaintiff which is not settled herein. This appeal shall be maintained notwithstanding this Agreement. Plaintiff agrees to waive any rights he may have to take any further appeals from any decision eventually reached by the Court of Appeal or any rights he may have to oppose (by responding brief or any other means) any further appeals taken by the Church of i tology of California. The Church of Scientology of lifornia shall have the right to file any further appeals it ems necessary.

5. For and in consideration of the mutual covenants, nditions and release contained herein, and Plaintiff smissing with prejudice the action Gerald Armstrong v. urch of Scientology of California, Los Angeles Superior ourt, Case No. 420 153, the Church of Scientology of California oes hereby release, acquit and forever discharge for itself, ccessors and assigns, Gerald Armstrong, his agents, epresentatives, heirs, successors, assigns, legal counsel and state and each of them, of and from any and all claims, causes action, demands, damages and actions of every kind and ature, known or unknown, for or because of any act or omission llegedly done by Gerald Armstrong from the beginning of time to nd including the date hereof.

6. In executing this Agreement, the parties hereto, and ach of them, agree to and do hereby waive and relinquish all ights and benefits afforded under the provisions of Section 542 of the Civil Code of the State of California, which rovides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

7. Further, the undersigned hereby agree to the ollowing:

A. The liability for all claims is expressly denied by he parties herein released, and this final compromise and et[illegible]ement thereof shall never be treated as an admission of iability or responsibility at any time for any purpose.

B. Plaintiff has been fully advised and understands hat the alleged injuries sustained by him are of such haracter that the full extent and type of injuries may not e known at the date hereof, and it is further understood hat said alleged injuries, whether known or unknown at the ate hereof, might possibly become progressively worse and hat as a result, further damages may be sustained by laintiff; nevertheless, Plaintiff desires by this document o forever and fully release the Releasees. Plaintiff nderstands that by the execution of this release no further laims arising out of his experience with, or actions by, h[illegible] Releasees, from the beginning of time to and including he date hereof, which may now exist or which may exist in he future may ever be asserted by him or on his behalf, gainst the Releasees.

C. Plaintiff agrees to assume responsibility for he payment of any attorney fee, lien or liens, imposed gainst him past, present, or future, known or unknown, by any person, firm, corporation or governmental entity or agency as a result of, or growing out of any of the matters referred to in this release. Plaintiff further agrees to hold harmless the parties herein released, and each of them, of and from any liability arising therefrom.

D. Plaintiff agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other ar form, any writing or to broadcast or to assist nother to create, write, film or video tape or audio tape ny show, program or movie, or to grant interviews or discuss ith others, concerning their experiences with the Church of cientology, or concerning their personal or indirectly cquired knowledge or information concerning the Church of cientology, L. Ron Hubbard or any of the organizations, ndividuals and entities listed in Paragraph 1 above.

laintiff further agrees that he will maintain strict onfidentiality and silence with respect to his experiences ith the Church of Scientology and any knowledge or nformation he may have concerning the Church of Scientology, . Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff expressly nderstands that the non-disclosure provisions of this ubparagraph shall apply, inter alia, but not be limited, to he contents or substance of his complaint on file in the action referred to in Paragraph 1 hereinabove or any ocuments as defined in Appendix "A" to this Agreement, including but not limited to any tapes, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. The attorneys for Plaintiff, subject to the ethical limitations restraining them as promulgated by the state or federal regulatory associations or agencies, agree not to disclose any of the terms and conditions of the settlement negotiations, amount of the

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et[illegible]ement, or statements made by either party during ettlement conferences. Plaintiff agrees that if the terms of his paragraph are breached by him, that CSI and the other eleasees would be entitled to liquidated damages in the nount of $50,000 for each such breach. All monies received o induce or in payment for a breach of this Agreement, or ny part thereof, shall be held in a constructive trust ending the outcome of any litigation over said breach. The mount of liquidated damages herein is an estimate of the amages that each party would suffer in the event this greement is breached. The reasonableness of the amount of uch damages are hereto acknowledged by Plaintiff.

E. With exception to the items specified in Paragraph 7(L), laintiff agrees to return to the Church of Scientology nternational at the time of the consummation of this Agreement, ll materials in his possession, custody or control (or within he possession, custody or control of his attorney, as well as hird parties who are in possession of the described documents), f any nature, including originals and all copies or summaries f documents defined in Appendix "A" to this Agreement, including but not limited to any tapes, computer disks, films, hotographs, recastings, variations or copies of any such aterials which concern or relate to the religion of cientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above, all evidence of any nature, including evidence obtained from the named defendants through discovery, acquired for the purposes of this lawsuit or any lawsuit, or acquired for any other purpose o erning any Church of Scientology, any financial or dministrative materials concerning any Church of Scientology, nd any materials relating personally to L. Ron Hubbard, his amily, or his estate. In addition to the documents and other tems to be returned to the Church of Scientology International isted above and in Appendix "A", Plaintiff agrees to return the ollowing:

(a) All originals and copies of the manuscript for the ork "Excalibur" written by L. Ron Hubbard;

(b) All originals and copies of documents commonly known s the "Affirmations" written by L. Ron Hubbard; and

(c) All documents and other items surrendered to the Court by Plaintiff and his attorneys pursuant to Judge Cole's orders of August 24, 1982 and September 4, 1982 and all documents and other items taken by the Plaintiff from either the Church of Scientology or Omar Garrison. This includes all documents and items entered into evidence or marked for identification in Church of Scientology of California v. Gerald Armstrong, Case No. C 420 153. Plaintiff and his attorney will execute a Joint Stipulation or such other documents as are necessary to obtain these documents from the Court. In the event any documents or other items are no longer in the custody or control of the Los Angeles Superior Court, Plaintiff and his counsel will assist the Church in recovering these documents as quickly as possible, including but not limited to those tapes and other documents now in the possession of the United States District Court in the case of United States v. Zolin, Case No. CV

-.40-HLH(Tx), presently on appeal in the Ninth Circuit Court Appeals. In the event any of these documents are currently dged with the Court of Appeal, Plaintiff and his attorneys ll cooperate in recovering those documents as soon as the urt of Appeal issues a decision on the pending appeal.

To the extent that Plaintiff does not possess or control cuments within categories A-C above, Plaintiff recognizes his ntinuing duty to return to CSI any and all documents that fall ithin categories A-C above which do in the future come into his ssession or control.

F. Plaintiff agrees that he will never again seek or btain spiritual counselling or training or any other service rom any Church of Scientology, Scientologist, Dianetics or c ntology auditor, Scientology minister, Mission of cientology, Scientology organization or Scientology ffiliated organization.

G. Plaintiff agrees that he will not voluntarily ssist or cooperate with any person adverse to Scientology in ny proceeding against any of the Scientology organizations, ndividuals, or entities listed in Paragraph 1 above. laintiff also agrees that he will not cooperate in any anner with any organizations aligned against Scientology.

H. Plaintiff agrees not to testify or otherwise articipate in any other judicial, administrative or egislative proceeding adverse to Scientology or any of the cientology Churches, individuals or entities listed in Pa graph 1 above unless compelled to do so by lawful ubpoena or other lawful process. Plaintiff shall not make in lf amenable to service of any such subpoena in a manner ich invalidates the intent of this provision. Unless equired to do so by such subpoena, Plaintiff agrees not to iscuss this litigation or his experiences with and nowledge of the Church with anyone other than members of is immediate family. As provided hereinafter in Paragraph 8(d), the contents of this Agreement may not be disclosed.

I. The parties hereto agree that in the event of any uture litigation between Plaintiff and any of the rganizations, individuals or entities listed in Paragraph 1 bove, that any past action or activity, either alleged in his lawsuit or activity similar in fact to the evidence that as developed during the course of this lawsuit, will not be sed by either party against the other in any future itigation. In other words, the "slate" is wiped clean oncerning past actions by any party.

J. It is expressly understood and agreed by Plaintiff that any dispute between Plaintiff and his counsel as to the proper division of the sum paid to Plaintiff by his attorney of record is between Plaintiff and his attorney of record and shall in no way affect the validity of this Mutual Release of All Claims and Settlement Agreement.

K. Plaintiff hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

L. Notwithstanding the provisions of Paragraph 7(E) ove, Plaintiff shall be entitled to retain any artwork eated by him which concerns or relates to the religion of cientology, L. Ron Hubbard or any of the organizations, ndividuals or entities listed in Paragraph 1 above provided at such artwork never be disclosed either directly or ndirectly, to anyone. In the event of a disclosure in breach f this Paragraph 7(L), Plaintiff shall be subject to the iquidated damages and constructive trust provisions of aragraph 7(D) for each such breach.

8. Plaintiff further agrees that he waives and elinquishes any right or claim arising out of the conduct of ny defendant in this case to date, including any of the rganizations, individuals or entities as set forth in aragraph 1 above, and the named defendants waive and elinquish any right or claim arising out of the conduct of laintiff to date.

9. This Mutual Release of All Claims and Settlement greement contains the entire agreement between the parties ereto, and the terms of this Agreement are contractual and ot a mere recital. This Agreement may be amended only by a ritten instrument executed by Plaintiff and CSI. The arties hereto have carefully read and understand the contents of this Mutual Release of All Claims and Settlement Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically

ıc .porated herein shall be deemed to in any way exist or ind any of the parties hereto.

10. Plaintiff agrees that he will not assist or advise nyone, including individuals, partnerships, associations, orporations, or governmental agencies contemplating any laim or engaged in litigation or involved in or ontemplating any activity adverse to the interests of any ntity or class of persons listed above in Paragraph 1 of his Agreement.

11. The parties to this Agreement acknowledge the ollowing:

A. That all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will;

B. That all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have obtained advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement; and

C. That all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

12. Each party shall bear its respective costs with respect to the negotiation and drafting of this Agreement and

l acts required by the terms hereof to be undertaken and rformed by that party.

13. To the extent that this Agreement inures to the enefit of persons or entities not signatories hereto, this greement is hereby declared to be made for their respective enefits and uses.

14. The parties shall execute and deliver all documents nd perform all further acts that may be reasonably necessary o effectuate the provisions of this Agreement.

15. This Agreement shall not be construed against the arty preparing it, but shall be construed as if both parties repared this Agreement. This Agreement shall be construed nd enforced in accordance with the laws of the State of California.

16. In the event any provision hereof be unenforceable, such provision shall not affect the enforceability of any other provision hereof.

17. All references to the plural shall include the singular and all references to the singular shall include the plural. All references to gender shall include both the masculine and feminine.

18.(A) Each party warrants that they have received independent legal advice from their attorneys with respect to the advisability of making the settlement provided for herein and in executing this Agreement.

(B) The parties hereto (including any officer, agent, employee, representative or attorney of or for any party) acknowledge that they have not made any statement, epresentation or promise to the other party regarding any act material to this Agreement except as expressly set forth erein. Furthermore, except as expressly stated in this greement, the parties in executing this Agreement do not rely pon any statement, representation or promise by the other arty (or of any officer, agent, employee, representative or ttorney for the other party).

(C) The persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

(D) The parties hereto and their respective attorneys each agree not to disclose the contents of this executed Agreement. Nothing herein shall be construed to prevent any p[illegible]y hereto or his respective attorney from stating that this civil action has been settled in its entirety.

(E) The parties further agree to forbear and refrain from doing any act or exercising any right, whether existing now or in the future, which act or exercise is inconsistent with this Agreement.

19. Plaintiff has been fully advised by his counsel as to the contents of this document and each provision hereof. Plaintiff hereby authorizes and directs his counsel to dismiss with prejudice his claims now pending in the action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153.

20. Notwithstanding the dismissal of the lawsuit [illegible]rsuant to Paragraph 4 of this Agreement, the parties hereto agree that the Los Angeles Superior Court shall retain

ur diction to enforce the terms of this Agreement. This greement may be enforced by any legal or equitable remedy, ncluding but not limited to injunctive relief or declaratory udgment where appropriate. In the event any party to this greement institutes any action to preserve, to protect or to nforce any right or benefit created hereunder, the revailing party in any such action shall be entitled to the osts of suit and reasonable attorney's fees.

21. This Agreement may be executed in two or more ounterparts, each of which shall be deemed to be a duplicate riginal, but all of which, together, shall constitute one nd the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date opposite their names.

Dated: December 6, 1986

GERALD ARMSTRONG

Witness

Witness

Dated: 12/6/86

APPROVED AS TO FORM AND
CONTENT:

M. J. Flynn
MICHAEL J. FLYNN
Attorney for
GERALD ARMSTRONG

Dated: December 11, 1986

Heber C. Jentzsch
for
CHURCH OF SCIENTOLOGY
INTERNATIONAL

EXHIBIT 2

Flight Vuelo Vol Flug	Date Fecha Date Datum	Gate Puerta Porte Ausgang	LATEST BOARD TIME ULTIMA HORA DE PRESENTACION EMBARQUEMENT FINAL SPAETESTE EINSTEIGEZEIT
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ARMSTRONG GMR

Name—Nombre—Nom—Name

PA0090 19JUL JFK

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SEE REVERSE SIDE FOR IMPORTANT INFORMATION

BOARDING PASS

Flight Vuelo Vol Flug	Date Fecha Date Datum	Gate Puerta Porte Ausgang	LATEST BOARD TIME ULTIMA HORA DE PRESENTACION EMBARQUEMENT FINAL SPAETESTE EINSTEIGEZEIT
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ARMSTRONG GMR

Name—Nombre—Nom—Name

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SEE REVERSE SIDE FOR IMPORTANT INFORMATION

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Boarding Pass

ARMSTRONG/GMR

ZURICH

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BOARDING PASS
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FROM - DE - VON/TO - A - NACH: ZRH/NEW YORK-JF
CONNECTING FLIGHT/DATE/BOARDING POINT: PA0087 10AUG JF
NAME - NOM - NOMBRE - NAME: ARMSTRONG GMR

SEE REVERSE SIDE FOR IMPORTANT INFORMATION

BOARDING PASS

FLIGHT VUELO VOL FLUG: PA 73
DATE FECHA DATA DATUM: 10AUG
GATE PUERTA PORTE AUSGANG:
LATEST BOARD TIME ULTIMA HORA DE PRESENTACION EMBARKEMENT FINAL SPAETESTE EINSTEIGEZEIT: 1715

PAN AM

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FROM - DE - VON/TO - A - NACH: JFK/SAN FRANCISCO
CONNECTING FLIGHT/DATE/BOARDING POINT:
NAME - NOM - NOMBRE - NAME: ARMSTRONG GMR

SEE REVERSE SIDE FOR IMPORTANT INFORMATION

BOARDING PASS

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EXHIBIT 3

August 21, 1991

c M. Lieberman, Esq.
binowitz, Boudin, Standard,
crinsky & Lieberman, P.C.
0 Broadway, Fifth Floor
w York, NY 10003-9518

ar Mr. Lieberman:

Organization operatives filmed me yesterday at least in the following uations:

1. Talking to an employee of attorney Ford Greene, in the doorway to r. Greene's office, at 711 Sir Francis Drake in San Anselmo, California.

2. Walking outside Mr. Greene's office.

3. Pulling on a T-shirt outside Mr. Greene's office.

4. Running outside Mr. Green's office.

Whilst I was on foot I was also pursued by one of the operatives riving a white Cadillac.

The driver of the Cadillac was later confronted by Mr. Greene who also ecorded the licence number of Cadillac and the other vehicle being used by ne operatives.

I doubt that you find it hard to believe that I consider the rganization's operation has as its major target in the eval known but to two r maybe three or even four the assassination of Gerry Armstrong.

I am not unmindful of your use of the earlier videotape event in your etition For Rehearing filed in the Armstrong appeal (n. 1, p. 6, second dition; n. 2, p.5, first edition).

There was no reason to videotape me as proof that I was associating with Ford Greene. I had spoken the day before to two of your fellow org awyers, Laurie Bartilson and Bill Drescher, and two men from SO legal iaison staff, Howard Guttfeld and August Murphy, and from none of whom ia[illegible] withheld the fact that I was helping Mr. Greene. None of them were not aware that I was speaking to them from Mr. Greene's office because all of them except for Mr. Murphy called Mr. Greene's office and I had spoken to m when I answered Mr. Greene's telephone to take messages for him ile he was out of his office. Mr. Murphy spent some time in Mr. Greene's ice and we spoke for a few minutes. I am quite certain he left with the pression that I was helping Mr. Greene, and specifically in the Aznaran e since, in addition to my saying so, he did observe me carrying into Mr. eene's office two boxes containing the mega-copies of the two Oppositions Summary Judgment Motions (Statute of Limitations and First nendment) and related documents, and did hear me lament that his ganization had cost Mr. Greene that very day over seven hundred dollars copying costs.

I did note the sophrosynial shift in the two writers of the second ition of the Petition For Rehearing. I imagine the organization's idea of ving Marty talk to me is not in the works.

I'm sure you understand why I do help those who need it, and why eople who litigate with the organization need it. And I'm sure you know w utterly unbiased I am in that all I oppose are antisocial policies and tivities. In that Scientology denies that any of its policies or activities are it cial I am not opposed in any way to what Scientology says it is and ys it does. I am only opposed to antisocial policies and practices.

It is really a matter of logistics. Your organization scares people. It cares me. There are therefore few people willing to do what needs to be one regarding the organization. I am simply willing to do what I can no atter how scary it is. If there were not so many people afraid of your rganization I wouldn't need to do what I can to help.

As you know, the organization has at times terrorized me, it has a olicy of revenge, its present owners have a personal hatred for me, and it as acted with its fair game doctrine directing its attitude and acts toward e since and in violation of the settlement. Obviously, then, it is in every vay reasonable for me to associate with and help those who have the ourage to oppose the organizational beast.

Then there's the religious argument. And its legal corollary: if ntisocial acts are religious, then so must be any opposition to antisocial acts.

Then there's the matter of theology.

All of which brings me to the matter at hand. You know about compartmentalization, PIs, cutouts, lies and paranoia. There probably are things which can be done to bring the organization's self-destructive insitutionalized hatred to a peaceful conclusion. Although you exhibit in your most recent descriptions of me and in your willingness to go beyond mere factual twists, a new and greater animus,I still have an idea that you can do something.

I trust you'll reply.

Very truly yours,

Gerry Armstrong
(415)456-8450

EXHIBIT 4

Eric M. Lieberman, Esq.
Rabinowitz, Boudin, Standard,
Krinsky & Lieberman, P.C.
740 Broadway, Fifth Floor
New York, NY 10003-9518

August 22, 1991

Dear Mr. Lieberman:

If there be any doubt about the veracity of the facts stated in my letter of yesterday please add these.

Yesterday, after writing you, I returned to Mr. Greene's office. At one point, in the late afternoon while standing outside talking to Mr. Greene, he noticed and pointed out a car perhaps a hundred yards away, across Sir Francis Drake and up a small hill. In it sat a man who at my first glace appeared to be watching us. I ran across SFD, up the hill and approached the car. I could see the man lower an object out of sight. I raised my hands, palms toward him to let him know I meant no harm and was unarmed; in ase I had erred in my assessment that the man in the car was an operative, and I was approaching head on at flank speed an innocent innocently eating his dinner. He rolled up the window as I neared. I got very close and looked in the driver's window. He had dark hair, thick, a wiry appearance; i.e., his hair, somewhere in length between yours and mine, and a thick mustache. I couldn't smell his breath because, as I said, the window was rolled up, but I was close enough I imagined it. Height ± 6'. On the front seat beside him were, inter alia, a video camera and a clipboard and some lawyers' yellow pad sheets. His firearms were clearly out of sight. On the top sheet in pen were written a page of entries with a progression of times beside the entries. I tried to make them out; i.e, the entries, but I was, as you can imagine, freaking out, my pulse was up around 150; not from the short run up the hill but the terror these confrontations strike in me; from a rest rate of + 48; and the driver, after a few second comm lag started the car and began to drive away. I put my body in front of the car because I wanted to get someone from law enforcement somewhere to do something but he let me know through unmistakable gestures that my body was not about to stop his forward progress so I, and I think in this case wisely, stepped aside and let him flee. I did run alongside the car and was near it when Mr. Greene arrived across SFD and also observed the driver and recorded the number from the car's muddied licence plate. When last seen his weapons were still out of sight; nor have I seen any more of him.

You might recall that when org operatives began their summer of 82 psycho-terror campaign I was able to detain the yellow VW by putting my body in front of it. Times and personalities have changed, the new fearless leader shoots photos of innocents with his 45, and for some totally baffling, unreasonably unreasonable reason you guys hate me. And you all sure act as if a sense of humor isn't a gift from God; and it is. Various people, on order from Hubbard or Miscavige, have tried , inter alia, libel, slander, threats, muscle, sworn false witness, frames, blackmail and betrayal. You can understand my concern at knowing that the top, the top operatives and the legal cutouts are chewing over the acts called for to satisfy the next gradient, while not even bothering to keep in mind what a flaming SP I am and what a threat I am to the future of mankind.

You will have probably received by now a report from Terry Gross in your office concerning my call to you of earlier today. If you think there's someone else connected to the organization who might be a more logical person for me to communicate these concerns to, please pass on my letters.

Very truly yours,

G.

Gerry Armstrong
(415)456-8450

EXHIBIT 5

HUBBARD COMMUNICATIONS OFFICE
37 Fitzroy Street, London, W.1

HCO POLICY LETTER OF 15 AUGUST 1960
Re-issued from Sthil

Assn Sec
HCO Sec

DEPT OF GOVT AFFAIRS

(Cancels any previous directions to set up a Special Zone Dept)
(This Policy Letter is mandatory all Central Organizations)

There shall be established on a board level and outside the structure of the Central Org and HCO but under the board of HASI Ltd, a new department to be called "The Department of Government Affairs".

More and more, as governments disintegrate under the threat of atomic war and communism, central organizations have had to give high executive time to governmental affairs to the great loss of the organizations themselves. The enturbulence entered into Scientology activities by legal matters, tax matters, and matters of assisting governments to maintain stability, has sapped our time and fixed our attention to our own loss.

Now to remedy this situation, I wish to contain and cordon, in a military sense, this incursion and to prohibit utterly and completely such entrance (of these matters or our own project for governments) into Central Org or HCO comm lines. In other words, Central Orgs and HCOs are run by, for and as Scientology service and activity units and the special Department of Government Affairs shall handle other matters and specifically deny such non-Scientology matters entrance into organizational comm lines.

The Department of Government Affairs shall be headed and directed with a minimum of personnel and shall not be able to call upon the personnel of the Central Org or HCO for further assistance than the relay of communications.

The Director of Government Affairs shall be a fully qualified person of good judgement subject to control of the Board of Directors and shall be subject to the advices and directions of the Board and the HCO and Assn Secretary. Only Washington and South Africa are excluded from supervision of the Dept by the Assn Sec, Org Sec and HCO Sec. In all other offices the Director of Government Affairs shall be subordinate to the Assn Sec and HCO Sec.

Under this department comes the corporation's solicitors, attorneys, chartered accountants and any attorney or accountant hired directly by the corporation for outside legal or tax or filing purposes.

The allotment and issue of shares comes under this department, but the actual invoicing and banking shall be done as always by the Dept of Accounts or, for HCO, by the HCO Secretary.

All contracts, filings with the government, all tax reports and their preparation, corporation minutes, annual meetings, legal papers, suits against and by the corporation, whether HASI Ltd or HCO Ltd, all legal investigatory work and detectives, all contacts with government agents, bureaus and departments, all assistance to governments, messages to governments, handling answers from governments or courts shall be cared for by the Department, whether to advance or protect Scientology or its corporations by government or legal channels.

All legal documents and the Valuable Document files for HCO and HASI shall be kept by the Department in a proper safe in accordance with previous rules written for the keeping and handling of valuable documents.

All share sales reports and all legal, governmental and corporation reports to be made to the boards shall be made to it by this Department.

No shares may be advertised or issued save with the approval of this department.

No contracts, purchases or mortgages may be undertaken without the approval of this Department and then only by the action of this Department.

It is clearly understood that the Department shall not undertake financial management for the Central Org or HCO nor may it direct the Central Org or HCO on purely Scientology affairs or Scientology dissemination except where these may impinge directly upon the government, and even then this Department is enjoined from forcing government laws or rulings upon the Central Org or HCO by threat of danger or ominous advices, nor may the Department employ either solicitors nor accountants who specialize in ominous advices to the Orgs since the Orgs could be discouraged or impeded by such.

The object of the Department is to broaden the impact of Scientology upon governments and other organizations and is to conduct itself so as to make the name and repute of Scientology better and more *forceful*. Therefore defensive tactics are frowned upon in the department. We are not trying to make the Central Orgs and HCOs "be good". We are trying to make their reach more secure and effective. Only attacks resolve threats.

In the face of danger from Govts or courts there are only two errors one can make: (a) do nothing and (b) defend. The right things to do with any threat are to (1) Find out if we want to play the offered game or not, (2) If not, to derail the offered game with a feint or attack upon the most vulnerable point which can be disclosed in the enemy ranks, (3) Make enough threat or clamor to cause the enemy to quail, (4) Don't try to get any money out of it, (5) Make every attack by us also sell Scientology and (6) Win. If attacked on some vulnerable point by anyone or anything or any organization, always find or manufacture enough threat against them to cause them to sue for peace. Peace is bought with an exchange of advantage, so make the advantage and then settle. Don't ever defend. Always attack. Don't ever do nothing. Unexpected attacks in the rear of the enemy's front ranks work best.

Never put the organization on "wait" because of courts or other matters. It's up to the Department to make the actions of HCO Secs and Org Secs *right*, not enjoin right actions on the HCO and Org Secs.

To win we must have treasure and verve. If a Central Org and HCO function perfectly as service units then treasure and consequent security for the further advance are to hand. If the Department operates with verve and elan, even with rashness, it will afford a screen behind which organizations can work.

Example: BMA attacks Scientology in Australia via the government. Answer: throw heavy communication against the weakest point of the BMA—its individual doctors. Rock them with petitions to have medical laws modified which they are to sign. Couple the BMA attack with any group hated by the government. Attack personally by threats or suits any person signing anything for the BMA. Slam the matter into politics, advance a bill into parliament that strips the BMA of all legal rights by opening healing to all. Make the attack by the BMA look ridiculous. Attack medical practices. Investigate horrible practices loudly. (*Always* investigate loudly never quietly.) Make the distinct public and governmental impression and BMA impression that they've run into a barrage of arrows or electronic cannon and that continued attack by them will cause their own disintegration. As all this is being done on a thought or idea level the restimulation of their engrams results in the total impression that they are surrounded by their own dead and the battery may fire again at any minute. And if one makes in writing not one slanderous or libelous statement, there is no defense by them. This example is patterned on what just happened and what we did in Australia where we are winning strongly.

The personnel of the Department should be freed of past track legal and governmental overts by the HGC using evening auditing. This is a must or the Department will otherwise attract attacks. Further, the higher the department personnel is raised on "control" through running help, the less action will have to be undertaken by it and the more it will actually accomplish without violent action.

The goal of the Department is to bring the government and hostile philosophies or societies into a state of complete compliance with the goals of Scientology. This is done by high level ability to control and in its absence by low level ability to overwhelm. Introvert such agencies. Control such agencies. Scientology is the only game on Earth where everybody wins. There is no overt in bringing good order.

The offices of the Department, so far as is possible, should be so situated as to bring no government traffic into the main avenues, comm lines or halls of the Central

Organization or HCO or so as to divert it to the maximum extent from said avenues, comm lines and halls.

The following personnel appointments are made, conditional to acceptance, as Directors of Government Affairs:

United States:	Marilynn Routsong	Los Angeles:	Dick Steves
South Africa:	Jack Parkhouse	Australia:	Denny Gogerly
London:	George Hay	New Zealand:	Steve Stevens.

In the United States and South Africa the head of the Department of Government Affairs shall be also Trustee or Area Director of the Central Organization while the Org Sec and Assn Sec shall not be, but will be officers of the corporation.

This policy letter and these appointments are prompted by the following facts:

1. My own traffic on government legal affairs is far too heavy and I need help of magnitude on a continental level.
2. HCO Secs and Assn Secs are having difficulty holding down their Orgs and the field because of the time demanded by government affairs.
3. The activity will get heavier rather than lighter.
    (a) The deterioration of government order is accelerating with consequent confusion in all related affairs;
    (b) Increasing amounts of order must be maintained by us at a governmental level against the possibility of finding our areas without governments.
4. We are about to file HASI Ltd and HCO Ltd in all areas with the attendant heavy legal and governmental action necessary.
5. We are about to arrange for the release of and the issue of over half a million pounds of shares to the public, thus making heavy demands on legal and government lines.
6. We are about to finance and erect various media of communications, such as radio stations, on the various continents and this will require enormous amounts of liaison and action in such a department.
7. We are about to finance and find new quarters in the United States and such activities come under the new Department.
8. Due to new clearing techniques, our sphere of control is widening. This is purely a case phenomenon, but will be felt heavily by Orgs in the future. It is necessary to provide comm lines for this widening of influence.

L. RON HUBBARD

LRH:js.gh.cden
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by L. Ron Hubbard
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HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

HCO POLICY LETTER OF 22 AUGUST 1960

All Orgs
Sec EDs

DEPT OF GOVT RELATIONS

The Dept of Govt Relations may not use Org personnel for typing and mailing, and may only use Org personnel for reception, switchboard and despatch purposes.

Where numbers of mailing pieces are envisioned or where numbers of outside letters are to be sent by the Dept of Govt Relations, these may be done either by outside agencies or by a full or part time secretary to the Dir of G R. The necessary high appearance of G R letters and mailing pieces does not admit the use of mimeo and G R may not use organizational mimeo machines.

L. RON HUBBARD

LRH:js.rd
Copyright © 1960
by L. Ron Hubbard
ALL RIGHTS RESERVED

PROOF OF SERVICE

I am employed in the County of Marin, State of California. I am over the age of eighteen years and am not a party to the above entitled action. My business address is 711 Sir Francis Drake Boulevard, San Anselmo, California. I served the following documents: DECLARATION OF GERRY ARMSTRONG REGARDING ALLEGED "TAINT" OF JOSEPH A. YANNY, ESQUIRE

on the following person(s) on the date set forth below, by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California: SEE ATTACHED SERVICE LIST

[X]	(By Mail)	I caused such envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California.
[ ]	(Personal Service)	I caused such envelope to be delivered by hand to the offices of the addressee.
[ ]	(State)	I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
[X]	(Federal)	I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

DATED: September 4, 1991

AZNARAN vs. SCIENTOLOGY

Service List

JOHN C. ELSTEAD
Clifton, Polson & Elstead
6140 Stoneridge Road
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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

VICKI J. AZNARAN and RICHARD N. AZNARAN, Plaintiffs, v. CHURCH OF SCIENTOLOGY OF CALIFORNIA, et al., Defendants. AND RELATED COUNTERCLAIMS	CASE No. CV 88-1786 JMI(Ex) DEFENDANTS' OPPOSITION TO EX PARTE APPLICATION TO FILE PLAINTIFFS' OPPOSITION TO DEFENDANTS' MOTION TO DISMISS COMPLAINT WITH PREJUDICE; DECLARATION OF LAURIE J. BARTILSON DATE: To be determined TIME: To be determined COURTROOM: Hon. James M. Ideman

Defendants oppose plaintiffs' Ex Parte Application to File Plaintiffs' Opposition to Defendants' Motion to Dismiss Complaint and request that these late-filed papers be stricken.

Not content to follow this Court's explicit orders and the Local Rules, Plaintiffs have elected themselves custodian of this Court's calendar. They were given until August 19, 1991 in which to file their oppositions to pending motions. They have unilaterally taken until, at last count, August 29.

Plaintiffs' abuses to this Court's orders is becoming monumental. A brief rundown of those abuses is all that is required to show that plaintiffs are not entitled to any relief from this Court and that this Court should not only reject plaintiffs' most recent late-filed opposition, but should grant as unopposed defendants' motion to dismiss.

1. In just the past eleven days, plaintiffs have violated this Court's orders and the Local Rules by:

(a) Filing oversized oppositions to defendants' two summary judgment motions. These oppositions were numerated to be 40 and 50 pages in length, but were accompanied by a 53-page "Appendix of Fact," thus making the actual size of the two opposition papers 93 and 103 pages;

(b) Attempting to late-file Statements of Genuine Issues of Fact on Friday, August 23, 1991, giving defendants no opportunity to respond to those Statements with defendants' replies, originally due to be filed on Monday, August 26, 1991;

(c) Failing to oppose in a timely fashion four other pending motions;

(d) Failing to file a Pretrial Conference Memorandum of Contentions of Fact and Law, due with the Court on August 26, 1991 pursuant to Local Rule 9.5; and

(e) Unilaterally taking until August 29 to oppose plaintiffs' motion to dismiss, notwithstanding the Court's explicit instructions that plaintiffs' papers be filed by August 19, three days after the date he originally asked for.

2. Plaintiffs' counsel, Ford Greene, was required to meet with defendants' counsel on August 7, to comply with the Pre-Trial Order. He refused to show up, using as an excuse that a new lawyer was going to join him in the case. Nevertheless, that lawyer has yet to be heard from and Greene has still not taken a single step to comply with the Pre-Trial Order.

3. This Court disqualified plaintiffs' former counsel, Barry Van Sickle, as an extension of Joseph Yanny's improper involvement in this case, so Yanny himself decided to appear and the Court made fast work of him. Now Yanny's paralegal and long-time Church adversary, Gerald Armstrong, is on loan to Ford Greene and is not only working diligently on this case, but is furnishing Greene with declarations. As is set forth in the attached declaration of Laurie J. Bartilson and the accompanying exhibits, Armstrong was hired by Joseph Yanny to act as Yanny's paralegal on this very case. [Ex. A, Declaration of Laurie J. Bartilson; Ex. B, Transcript of

Hearing of August 6, 1991 in Religious Technology Center v.Yanny.] Armstrong's presence in Greene's office alone further taints all of the papers filed by Greene, and is grounds for disqualification of Greene himself as well. See, In re Complex Asbestos Litigation (1991) 91 D.A.R. 8849 (requiring disqualification of plaintiff's law firm for the hiring of a paralegal formerly employed by defendant's lawyers).

4. Plaintiffs' stories concerning Greene's discharge, Yanny's appearance and Greene's reappearance shift from day to day, depending on which motion is being addressed:

(a) In plaintiffs' Ex Parte Application for an Order Continuing Defendants' Summary Judgment Motion, filed on July 2, 1991, plaintiffs first, through Joseph Yanny, told the fanciful story of how Yanny came to represent plaintiffs, falsely claiming that a one-time nuisance value settlement offer on the part of defendants somehow precipitated Mr. Greene's dismissal. [See, plaintiffs' Ex Parte Application for an Order Continuing Defendants' Summary Judgment Motion, July 2, 1991]. That story was repudiated by plaintiffs one month later in Plaintiffs' Notice of Association of Trial Counsel John Clifton Elstead, in which the Aznarans claimed that they had dismissed Mr. Greene because they felt "sufficiently concerned about Mr. Green's ability to handle and maintain the trial" of their case that they replaced him with themselves as pro se litigants. [See, Declarations of Vicki Aznaran and Richard Aznaran filed in support of Plaintiffs' Notice of Association of Trial Counsel John Clifton Elstead, August 1, 1991, para. 4.] Now, in the Opposition to the Motion to Dismiss lodged ten days late which Greene seeks leave to file, Greene has found it expedient to parrot Yanny's lies concerning plaintiffs' shifting of counsel.

(b) Vicki Aznaran, formerly one of the highest ranking officials in the ecclesiastical structure of Scientology, claims brainwashing when the goal is to avoid the statute of limitations bar to her claims. [See, Plaintiffs' Opposition to Defendants' Motion for Summary Judgment on the Grounds of the Statute of Limitations.] On the other hand, she claims to be so knowledgeable, canny, well-informed and self possessed that she couldn't possibly learn anything new from Joseph Yanny when the goal is to avoid answering for the most prejudicial and egregious sell-out of clients known to the legal profession. [See, Defendants' Opposition to Motion to Dismiss at p. 4].

What we have here is anarchy. Plaintiffs and their current counsel, Ford Greene, their shadow counsel, Joseph Yanny, and Yanny's paralegal, Gerald Armstrong make up their own rules as they go along, sneer at the Court's rules and orders, and fabricate whatever story they consider necessary to pervert the law and the orderly administration of justice at any given moment.

The moving party is required to present his reasons for seeking the ex parte application, and a memorandum of points and authorities in support thereof. The burden is on the moving party to demonstrate good cause if he seeks to have more time in which to file papers. Local Rule 1.18. Plaintiffs have done neither. Instead, they offer a declaration of their counsel, which states merely that he "is human," as if that invocation somehow excuses him from compliance with this Court's orders.

Greene's complaint that he has been unable to follow this Court's orders, even with the improper aid of Gerald Armstrong, is thus a completely hollow argument. It is plain that plaintiffs and their counsel have nothing but contempt for this Court, its Rules and its Orders.

This is merely the latest episode in plaintiffs' "persistent pattern of abusive conduct," Chism v. National Heritage Life Ins. Company, 637 F.2d 1328, 1331 (9th Cir. 1981), which defendants and the Court have tried in vain to cure. The schedule set by the Court was clear and concise, plainly designed to permit the Court to rule on pending matters prior to the Pretrial Conference, now set for September 16, 1991. Plaintiffs' refusal to comply with this clear order, and instead late-file oppositions willy-nilly, is inexcusable.

Local Rule 7.3.3 authorizes this Court to strike the attempted filing of any late-filed documents and disregard it for all purposes. The equities of this case cry out for just such a result here. Defendants have complied with the Rules and this Court's orders, suffered irreparable harm while plaintiffs hired defendants' former counsel, and have had their dispositive motions delayed for weeks through plaintiffs' machinations. Plaintiffs and their counsel have, however, disobeyed order after order of this Court, refused to follow the Local or Federal Rules, and commanded the Court to march to their schedule and accept whatever they chose to file, whenever they chose to file it. Plaintiffs cannot - must not - be rewarded for this misconduct. Defendants respectfully urge this Court to examine plaintiffs' conduct, weigh the obvious equities, deny plaintiffs' ex parte application, and strike plaintiffs' late-filed oppositions to defendants' motions.

Dated: August 30, 1991

Respectfully submitted,

QUINN, KULLY AND MORROW

RABINOWITZ, BOUDIN, STANDARD,
KRINSKY & LIEBERMAN, P.C.

BOWLES & MOXON

By: ______________________
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DECLARATION OF LAURIE J. BARTILSON

I, LAURIE J. BARTILSON, hereby declare and state:

1. I am co-counsel of record for plaintiffs in the case of Aznaran v. Church of Scientology of California, et al., Case No. CV 88-1786 JMI(Ex). I have personal knowledge of the matters set forth herein and, if called upon to do so, could and would competently testify thereto.

2. On August 19, 1991, I called the offices of Ford Greene, counsel for plaintiffs in this case, to arrange to have a courier pick up several oppositions which plaintiffs were due to file that day.

3. The person who answered the telephone in Mr. Greene's office identified himself as Gerald Armstrong. When queried, Armstrong stated that he was at Greene's office "helping out." I know Armstrong, as I attended his deposition in another case in which I am also counsel. He is a long-term litigation adversary of my client, Church of Scientology of California, having been sued for conversion of documents belonging to the Church's Founder.

4. I have been informed by private investigators hired by my law firm that Armstrong was present at Ford Greene's offices many times from August 3, 1991 through at least August 21, 1991, often for hours and days at a time. When my courier went to Greene's offices on August 19, 1991 to pick up papers in this case, he observed Armstrong sleeping on the floor in the office.

5. Exhibit 1 to the Reply in Support of Defendants' Motion for Summary Judgment is a true and correct copy of a transcript of an August 6, 1991 hearing in the case of

Religious Technology Center, et al. v. Yanny, Case No. BC 033035. In that case, Yanny was preliminarily enjoined by the Court from representing either the Azarans or Armstrong.

I declare under the penalties of perjury under the laws of California and the United States of America that the foregoing is true and correct.

Executed this 30th day of August at Los Angeles, California.

LAURIE J. BARTILSON

Internal Revenue Service

Department of the Treasury

6855

Washington, DC 20224

Church of Spiritual
Technology
419 North Larchmont, Suite 162
Los Angeles, CA 90004

Person to Contact:
Mr. M. Friedlander
Telephone Number:
(202) 566-6701
Refer Reply to:
E:EO
Date: JUL 8 1988

Employer Identification Number: 95-3781769
Form: 1120
Tax Years: All Years

Dear Applicant:

This is a final adverse ruling as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

This ruling is made for the following reasons:

1. You have failed to establish that you are operated exclusively for exempt purposes as required by section 501(c)(3) of the Code. You have not demonstrated that your activities and purposes conform to exempt purposes and activities as required by section 501(c)(3) of the Code.

You are one of a number of organizations which were created pursuant to a reorganization of the Church of Scientology which took place in 1981 and 1982. The reorganization was undertaken after the Service revoked the exempt status of the Church of Scientology of California, the former "Mother Church" of the denomination. The basis of the revocation was that the California church was an ordinary commercial enterprise, the Church's income inured to L. Ron Hubbard, founder of the Scientology religion, and the Church had violated public policy by conspiring to impede the Service from assessing and collecting taxes which were lawfully due. Church of Scientology of California v. C. I. R., 83 T.C. 381 (September 24, 1984). The revocation was sustained by the Tax Court and upheld by the Court of Appeals for the Ninth Circuit. 823 F. 2d 1310 (9th Cir. 1987).

An earlier case involving a Scientology organization had also resulted in a finding of private benefit to Mr. Hubbard and members of his family. Founding Church of Scientology v. U.S., 412 F. 2d 1197 (Ct. Cl. 1969), cert. den., 397 U.S. 1009 (1970).

In the Church of California case, cited above, the Tax Court described how the Church attempted to frustrate the Service's efforts to examine its financial affairs. The Church maintained no books or journals to record and systematize its financial transactions. Therefore, the examination had to proceed on the basis of millions of separate checks, invoices, and disbursement vouchers. The Church's accountant saw to it that these documents were provided in no semblance of order. He advised another church to "give the IRS agent a bunch of records in a box in no semblance of order, to place the agent in a dark, small, out-of-the-way room, [and] to refuse to give practical assistance locating records." In the face of such tactics, the IRS spent approximately two years in an unsuccessful attempt to audit the Church's 1968 and 1969 financial operations.

In addition to the above tactics, the Church knowlingly and purposely misled the IRS concerning extensive operations it conducted in the United Kingdom. It concealed from the examiners the fact that it regularly received debit advices from foreign banks in lieu of canceled checks. It never produced canceled checks from some of its accounts which it maintained in the name of another corporation. When checks were produced, they were sometimes detached from their stubs. Boxes of records were mislabeled. The Church intentionally delayed in providing requested records and in some instances it never provided the records at all.

In order to establish whether the reorganized Church of Scientology was operated exclusively in furtherance of exempt purposes, we sought to obtain detailed information from you and from the other newly created entities which had filed applications for recognition of exemption. Although some information was initially provided, the information was incomplete or partial. Eight of the organizations eventually withdrew their applications without providing the information we had requested.

While the applications were pending, witnesses gave testimony in court cases involving churches of Scientology. See Church of Scientology of California v. Gerald Armstrong, No. C 420153 (Calif. Super. Ct., July 20, 1984); Founding Church of Scientology of Washington, D.C., Inc., et al. v. Director, Federal Bureau of Investigation, et al., 802 F. 2nd 1448 (1985), cert. den., 56 U.S.L.W. 3231 (October 6, 1987). The testimony was to the effect that L. Ron Hubbard continued to control the Church of Scientology for his private benefit. Witness testimony in the Armstrong case alleged that the project known as Mission Corporate Category Sort-Out (MCCS) had been undertaken by the Church of Scientology of California in 1980. The alleged purpose of the MCCS project was, according to the testimony of Laurel Sullivan, to devise a new organizational structure to conceal L. Ron Hubbard's continued control of the Church of Scientology. In the Founding Church v. Director, F.B.I. case, to which the Service was a party, the government successfully argued that L. Ron Hubbard should be required to appear and be deposed because he was a managing agent of the Church. Mr. Hubbard did not appear and the case against the government defendants was dismissed with prejudice.

Church of Spiritual Technology

We asked the remaining applicants who had not withdrawn their applications to comment on the matters noted in the Armstrong and Founding Church v. Director, F.B.I. cases. They responded that the testimony related to other organizations and time periods, attacked the credibility of the witnesses, and stated that L. Ron Hubbard did not hold any position of control in any church of Scientolgy even though he was still revered as the founder of the religion. We were told that the present corporate structure had been designed after those responsible for the MCCS project had been dismissed from the church and that the work done on the MCCS project was not considered or consulted in designing the new organizational structure presently in place. At the same time, we were furnished for the first time a chart showing levels of authority and departments within the new organizational structure. One of the departments, the Commodore's Messenger Organization (International), exists within the corporate structure of Church of Scientology International, the new "Mother Church" of the denomination. According to allegations made in the Armstrong case, L. Ron Hubbard controlled the church through the Commodore's Messenger Organization utilizing David Miscavige, Pat Broeker and Anne Broeker to carry out his orders. David Miscavige, Anne Broeker, and Lyman Spurlock were the original trustees of Religious Technology Center. Mr. Miscavige enjoys a position of influence in the reorganized Scientology structure which we have been informed derives from "moral authority" rather than from any official position in the corporate structure. Lyman Spurlock is President of Church of Spiritual Technology and, along with Mr. Miscavige, is an employee of Author Services, Inc. Author Services, Inc., is a for-profit corporation formed to provide services to L. Ron Hubbard in connection with exploitation of patents and copyrights which Mr. Hubbard owned.

On January 7, 1986, we issued an initial adverse ruling on your application. You submitted a written protest to our initial adverse ruling. In your protest we learned for the first time of the existence of still other organizations which were related to the new Scientology operating structure. Following your protest conference, which was held in January, 1987, we asked you to provide more detailed information about these new "international" organizations, including International Association of Scientologists, International SOR Trust, SOR Management Services, Ltd., Scientology International Missions Trust, and International Scientology Religious Trust. In a letter dated November 24, 1987, we noted that you had previously agreed to supply that information to us. However, you did not supply the information.

In support of the protest to our initial adverse ruling, we were supplied with copies of affidavits dated December 4, 1986, from Gerald Armstrong and Laurel Sullivan. Ms. Sullivan was the person in charge of the MCCS project. The affidavits state that the new church management "seems to have returned to the basic and lawful policies and procedures as laid out by the founder of the religion, L. Ron Hubbard." The affidavits conclude as follows:

"Because of the foregoing, I no longer have any conflict with the Church of Scientology or individual members affiliated with the Church. Accordingly, I have executed a mutual release agreement with the Church of Scientology and sign this affidavit in order to signify that I have no quarrel with the Church of Scientology or any of its members."

The history of Scientology's operations detailed in the Church of California case includes a lack of adequate financial records, public policy violations, deceptive practices and the maintenance of enemies lists against whom any actions, however illegal, were justified. The California case also demonstrates inurement of net earnings and benefit to the private interest of Mr. Hubbard, operations that primarily furthered commercial purposes conducted amid continuous representations denying control by and benefit to Mr. Hubbard, and a tenacious denial of the actual state of the organization's affairs in the face of overwhelming evidence establishing the true nature of the organization's operations. More recently, attempts to conceal Mr. Hubbard's ongoing control of Scientology were alleged in the Armstrong case. Utilizing testimony any witnesses from the Armstrong case, the government successfully argued that Mr. Hubbard was a managing agent of the Church of Scientology as late as 1984. See the Founding Church v. Directo F.B.I. case, cited earlier.

The events detailed in these court cases, which span almost the entire period of Scientology's history, create an inference that Scientology, even after reorganization, is not operated exclusively for exempt purposes. The fact that Mr. Armstrong and Ms. Sullivan elected to settle their personal differences with Scientology does not detract from the relevance of the statements they previously made concerning Mr. Hubbard's use of Scientology organizations to serve his private interest. Our experience with your organization similarly reflects a continuation of the pattern of inurement and benefit to the private interest of Mr. Hubbard, operations that primarily further commercial purposes, and denials of control by and benefit to Mr. Hubbard for periods prior to his death despite contrary judicial and Service findings. Blanket denials that Mr. Hubbard personally profited from his position of influence in Scientology and assertions that your operations exclusively further exempt purposes do not dispel this inference.

Mr. Hubbard died on January 24, 1986. But, his death did not alter the history of Scientology's prior operations or make available complete information about your actual operations. Moreover, the same individuals who controlled Scientology operations prior to Mr. Hubbard's death, and who participated in arrangements which resulted in inurement and private benefit, continued to control your operations and those of the other top level Scientol organizations after Mr. Hubbard's death. Thus, the possibility of inurement and private benefit continued after Mr. Hubbard's death and more complete information about your operations and financial affairs was required to assure that your operations had changed to eliminate any further private benefit.

For the reasons explained above, in a letter dated March 17, 1988, we proposed to review your books of account and records and those of Church of Scientology International and Religious Technology Center. As explained in our letter of March 17, 1988, the purpose of this review was twofold. First, to determine the integrity of your financial and accounting systems so we could verify that the information you had provided was accurate. Second to verify that no part of your net earnings inures to the benefit of any private shareholder or individual and that there is no other disqualifying activity.

Church of Spiritual Technology, Church of Scientology International, and Religious Technology Center agreed to participate in the financial reviews pursuant to the letters of March 17, 1988. Church of Spiritual Technology, Religious Technology Center and Church of Scientology International informed us by letter dated June 24, 1988, that they would no longer participate in the review. The refusal to continue the review, concentrating on those areas of concern, and their failure to fulfill the terms of the March 17, 1988, agreement, prevents us from concluding that Scientology's operations have changed and that activities previously found to be disqualifying for purposes of section 501(c)(3) of the Code have been discontinued. Therefore, we conclude that you have not established that you are operated exclusively for exempt purposes as required by section 501(c)(3) of the Code.

2. You are operated for a substantial non-exempt commercial purpose.

In our initial adverse ruling of January 7, 1986, we concluded that you were operated for a substantial non-exempt commercial purpose because your activities assisted other organizations in maximizing sales of goods and services associated with the practice of Scientology.

In your protest and subsequent submissions you argued that your activities were engaged in for religious rather than commercial purposes. You contended that the provision of goods and services for a fee, which is characteristic of Scientology, was a permissible means of providing funds necessary for Scientology to support its operations, provide reserves for renovations and expansion, and to attract potential new members to the religion.

We have carefully considered your arguments, but fail to see that sales of goods and services for a fee by Scientology organizations under policies and directives which emphasize sales and profits does not result in a primary purpose of engaging in activities similar in nature to those of an ordinary commercial enterprise, in which profits are the primary goal, rather than in advancing religious purposes. The fact that the fees provide a source of funds for operating expenses and future expansion and dissemination does nothing to distinquish these fee-for-service operations from similar activities of ordinary commercial enterprises. Therefore, by assisting and aiding in the marketing of Scientology, you are engaged in activities which further a substantial non-exempt commercial purpose.

Your archival activities relate to the materials constituting the scriptures of Scientology. These materials consist of the written and spoken works of L. Ron Hubbard on the subject of Scientology. Prior to his death, Mr. Hubbard held the copyrights on these materials. The works you collected were being commercially exploited by Mr. Hubbard and some of the organizations licensed by him. You were supported by income paid to you by some of the organizations engaged in this exploitation, notably Religious Technology Center and Church of Scientology Flag Service Organization, Inc., a subordinate of Church of Scientology International. You were thus performing functions which benefited these organizations and furthered their objective of marketing Scientology products and services.

After Mr. Hubbard's death, Religious Technology Center and Church of Scientology International and its subordinates have continued to market Scientology products and services. Your collection of original Hubbard writing and tape recordings enhances their marketing efforts because the products they market are derived from these original writings and tape recordings. Therefore, you are operated for a substantial non-exempt commercial purpose.

In addition, the refusal to continue the review agreed to in the letters of March 17, 1988, to Church of Spiritual Technology, Church of Scientology International, and Religious Technology Center, concentrating on those areas of concern, and their refusal to fulfill the terms of the March 17, 1988, agreement prevents us from concluding that Scientology's operations have changed and that activities previously found to be disqualifying for purposes of section 501(c)(3) of the Code have been discontinued. Therefore, we conclude that you have not established that you are operated exclusively for exempt purposes as required by section 501(c)(3) of the Code.

3. You are operated for the benefit of private interests and your net earnings inure to the benefit of private individuals.

In our initial adverse ruling, we concluded that your operations furthered the private interest of and resulted in inurement of net earnings to L. Ron Hubbard because he received royalties on the sales of products associated with the practice of the religion he founded. We also concluded that your activities served Mr. Hubbard's private interest through your participation in a plan to exploit Mr. Hubbards's trademarks, trade names, service marks, copyrights, and patents through licensing and assignment arrangements. We also concluded that your activities served the private interests of and resulted in inurement of net earning to organizations associated with Mr. Hubbard.

In your protest you called our attention to the fact of Mr. Hubbard's death and noted that his estate is in probate. Church of Spiritual Technology is the principal beneficiary of the estate and will receive the royalty income formerly received by Mr. Hubbard if it is determined to be exempt under section 501(c)(3). Based on these facts, you contend that private benefit, if there was any, ceased upon the death of Mr. Hubbard on January 24, 1986.

Mr. Hubbard's death does not erase the benefit and inurement to his private interest that occurred.

Further, both before and after Mr. Hubbard's death, you made the original writings and other materials formerly owned by Mr. Hubbard available to Church of Scientology International and Religious Technology Center in exchange for so-called "contributions" from Religious Technology Center and Church of Scientology Flag Service Org, Inc., a subordinate of Church of Scientology International. Religious Technology Center and Church of Scientology International engage in marketing Scientology to the public in a manner indistinguishable from that of an ordinary commercial enterprise. Therefore, your provision of the original Hubbard Materials to Religious Technology Center and Church of Scientology International serves the private interests of Religious Technology Center and Church of Scientology International.

In addition, the refusal to continue the review agreed to in the letters of March 17, 1988, to Church of Spiritual Technology, Church of Scientology International, and Religious Technology Center, concentrating on those areas of concern, and their refusal to fulfill the terms of the March 17, 1988, agreement prevents us from concluding athat Scientology's operations have changed and that activities previously found to be disqualifying for purposes of section 501(c)(3) of the Code have been discontinued. Therefore, we conclude that you have not established that you are operated exclusively for exempt purposes as required by section 501(c)(3) of the Code.

4. You have failed to establish that you are not operated for the benefit of private interests and that your net earnings do not inure to the benefit of private individuals.

Trusts and corporations can be used to siphon income from allegedly exempt organizations for the benefit of private individuals. This happened in the Church of California case. An allegedly religious trust and dummy Panamanian corporations were used to funnel money to L. Ron Hubbard.

Although the organizational structures employed by Scientology have changed since the California case, you have not clearly established that your relationship with the new entities furthers your exclusively exempt purposes. The past history of Scientology's operations suggests that the purpose of these organizations may be to disguise the fact that private interests are the ultimate beneficiaries of the reorganized operating structure.

An example of an organization which may serve private interests is International Publications Trust (IPT). Prior to the formation of IPT, L. Ron Hubbard granted licenses to New Era Publications (NEP) to produce Scientology books and E-meters. NEP sublicensed Bridge Publications, Inc. (BPI). The license and sublicense agreements provided for royalty payments from BPI to NEP and from NEP to L. Ron Hubbard. Then, IPT was formed to act as the holding company parent of BPI and NEP.

You informed us that IPT has two foreign trustees, Church of Scientology Religious Education College, a corporation, and Geoffrey Clunie, an individual. Our requests for additional information about IPT and its trustees and their relationship to the reorganized Scientology structure have not been answered. So, we see in place an entity that controls Scientology publications and E-meter production controlled by persons about whom no information has been provided. In the absence of any other explanation for this arrangement, we have no alternative but to conclude that the holding company's real purpose could be to benefit Mr. Clunie's private interest or the private interest of the College, just as intervening trusts and corporations were used to mask benefits to the private interest of L. Ron Hubbard.

Church of Spiritual Technology

It is also clear that NEP and BPI share in the commercial exploitation of these properties to benefit their own private interests. Mr. Hubbard's death did not effect the rights that NEP had already received from Mr. Hubbard prior to his death. Therefore, NEP and BPI are continuing to benefit from their part in the commercial exploitation of these properties even though Mr. Hubbard is no longer sharing in the benefits of the commercial exploitation. Even if Church of Spiritual Technology does eventually become the owner of the patents and copyrights formerly owned by Mr. Hubbard, the licenses granted to NEP will still be in effect. Thus the private benefit to NEP and BPI is ongoing even though Mr. Hubbard is dead and even though a number of new Scientology organizations have been created. Further, it has not been established that other new and old organizations about which our requests for detailed information remain unanswered are not sharing in private benefit. The potential beneficiaries include Author Services, Inc., SOR Management Servies, Ltd, International Scientology Film Trust, and International Scientology Religious Trust.

The same persons who were in charge of Scientology prior to Mr. Hubbard's death hold positions of control or influence in some of these new organizations. For example, persons who hold positions of influence in the reorganized Scientology structure also hold positions in Author Services, Inc., a for-profit corporation formed to benefit L. Ron Hubbard. Lyman Spurlock, David Miscavige, Greg Wilhere, Terri Gamboa, Marion Meisler, Maria Starkey, and Becky Hay, persons who hold influence in the reorganized Scientology structure, also hold positions in Author Services, Inc. Author Services, Inc., is now performing the same function of "collecting royalties" for the beneficiary of L. Ron Hubbard's estate. Thus, as happened in the Church of California case, the income of an allegedly exempt organization (Church of Spiritual Technology should it obtain recognition of exemption) will be passed through a for-profit corporation which is controlled by persons who also hold positions of influence in the Scientology structure.

A similar problem exists with regard to the "central reserves" of Church of Scientology International and its subordinate churches. A nonexempt foreign entity, SOR Management Services, is being paid under a contract to "manage" these reserves. Again, the income of allegedly exempt organizations is being passed through a nonexempt organization controlled by persons who hold positions in, or act as nominees for, organizations in the topmost levels of the reorganized Scientology structure.

Moreover, a newly revealed organization, International SOR Trust, about which our inquiries remain unanswered, has an ongoing relationship with some of the organizations engaged in the exploitation of the properties formerly owned by Mr. Hubbard. For example, at one time International SOR Trust purchased the stock of Bridge Publications, Inc., from Church of Scientology of California and later disposed of the stock to International Publications Trust.

Furthermore, individuals closely associated with Cancorp Investment Properties, a for-profit British Columbia corporation allegedly formed to serve the private interests of L. Ron Hubbard, about which we inquired, have been in positions of influence in the reorganized Scientology structure. You refuse to provide detailed information about Cancorp Investment Properties or Religious Research Foundation, another organization allegedly formed to serve the private interest of L. Ron Hubbard, about which we also inquired.

The proliferation of associated entities also includes a number of other new "international" organizations, about which we have inquired but you have not responded to our inquiries. Since the Scientology operating structure is the only funding source for these organizations, they and the persons who control them are also sharing in the income generated by the activities of Church of Spiritual Technology, Church of Scientology International, and Religious Technology Center.

In light of the past history of Scientology's operations, this continuing sharing in the net earnings of Scientology by nonexempt entities is sufficient by itself to raise serious concerns about private benefit and inurement. Nonetheless, you have chosen to ignore these concerns or have provided incomplete or partial information which is not adequate to establish that private benefit and inurement are not flowing to nonexempt entities, some of which employ and are directed by the same people who hold positions of influence in the new Scientology operating structure. Such self-dealing does not lose its identity as private benefit and inurement merely because it is conducted through intermediary individuals and/or organizations.

Accordingly, we find that you are not exempt because you have failed to establish that you do not operate for the benefit of private interests and that your net income does not inure to private individuals contrary to the prohibition contained in section 501(c)(3) of the Internal Revenue Code. In addition, the refusal to continue the review agreed to in the letters of March 17, 1988, to Church of Spiritual Technology, Church of Scientology International, and Religious Technology

Center, concentrating on those areas of concern, and their refusal to fulfill the terms of the March 17, 1988, agreement prevents us from concluding that Scientology's operations have changed and that activities previously found to be disqualifying for purposes of section 501(c)(3) of the Code have been discontinued. Therefore, we conclude that you have not established that you are operated exclusively for exempt purposes as required by section 501(c)(3) of the Code.

Furthermore, the Service considers your failure to fulfill the terms of the March 17, 1988, agreement as constituting a failure to exhaust administrative remedies, as required by section 7428(b)(2) of the Code.

Contributions to your organization are not deductible under Code section 170.

You are required to file federal income tax returns on the above form. Based on the financial information you furnished, it appears that returns should be filed for the tax years shown above. You should file these returns with your key District Director for exempt organization matters within 30 days from the date of this letter, unless a request for an extension of time is granted. Returns for later tax years should be filed with the appropriate service center as indicated in the instructions for those returns.

If you decide to contest this ruling under the declaratory judgment provisions of section 7428 of the Code, you must initiate a suit in the United States Tax Court, the United States Claims Court, or the District Court of the United States for the District of Columbia before the 91st day after the date that this ruling was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. Processing of income tax returns and assessment of any taxes due will not be delayed because a declaratory judgment suit has been filed under code section 7428.

If you have questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

(Signed) E. D. Coleman
E.D. Coleman
Director, Exempt Organizations
Technical Division

ORIGINAL

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FILED
OCT 6 1988
U.S. CLAIMS COURT

UNITED STATES CLAIMS COURT

CHURCH OF SPIRITUAL TECHNOLOGY A California Nonprofit Religious Corporation, Plaintiff, vs. UNITED STATES OF AMERICA, Defendant.	No. 581-88 T Complaint for Declaratory Judgment Pursuant to Internal Revenue Code Section 7428

PLANTIFF'S EXHIBITS TO COMPLAINT

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October 6, 1988

Item	Date	Description of Item
927	05/23/88	CST Response to IRS Document Request (7 pages)
928	05/17/88	IRS Document Request 58 (1 page)
929	05/23/88	CST Response to IRS Document Request 58 (1 page)
930	05/23/88	Ex. 58 - Bank statement (3 pages)
931	05/20/88	IRS Document Request 59 (1 page)
932	06/13/88	CST Response to IRS Document Request 59 (1 page)
933	05/20/88	IRS Document Request 60 (1 page)
934	06/13/88	CST Response to IRS Document Request 60 (1 page)
935	05/20/88	IRS Document Request 61 (1 page)
936	06/13/88	CST Response to IRS Document Request 61 (1 page)
937	06/06/88	IRS Document Request 62 (1 page)
938	06/14/88	CST Response to IRS Document Request 62 (2 pages)
939	06/09/88	IRS Document Request 63 (2 pages)
940	06/14/88	CST Response to IRS Document Request 63 (1 page)
941	06/17/88	IRS Document Request 65 (1 page)
942	06/17/88	IRS Document Request 66 (1 page)
943	06/20/88	District Office memorandum to CST representative identifying documents for which they failed to make copies as required pursuant to agreement with applicants (3 pages)

[Item 943 is the final item relating to the District agents' review of CST's books and records.]

Item	Date	Description of Item
944	7/08/88	Rosenberg letter to CST representative enclosing CST's adverse ruling (1 page)
945	07/08/88	IRS final Adverse Ruling (11 pages)
946	07/12/88	Rosenberg letter denying Applicants' request to supplement administrative record with chronology of concerns that led them to suspend the review (1 page)

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Bare-Faced Messiah

THE TRUE STORY OF
L. RON HUBBARD

Russell Miller

MICHAEL JOSEPH
LONDON

MICHAEL JOSEPH

Penguin Books Ltd
27 Wrights Lane, London W8 5TZ (Publishing and Editorial)
Harmondsworth, Middlesex, England (Distribution and Warehouse)
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stressed, 'and it is probably the only part of Scientology that really works. Also, you've got to realize that my father did not worship Satan. He thought he *was* Satan.'

It was wild stuff, perhaps a little too wild. Just like his father, Nibs lacked subtlety. Had he been more restrained, the interview might have made an impact. Instead, it simply strained the reader's credulity to such an extent that it was hard to decide who was the most deranged – L. Ron Hubbard Senior or L. Ron Hubbard Junior. In November 1983, an optimistic letter from Ron was distributed to Scientologists around the world to tell them how well everything was going. He described himself as 'ecstatic' with the state of management and confident that their legal problems were behind them. 'Those who were harassing Scientology in the past', he wrote, 'are beginning to present a panorama of coattails.' He explained that he had been working on very advanced research for the last two years which was 'opening the sky to heights not previously envisioned' and concluded, 'So I wanted to say hello and to tell you the results of an overview of the game and, boy, does that future look good . . . Love, Ron.'

Ron did not bother to mention how Mary Sue was making out at the Federal Correctional Institution in Kentucky, neither did he comment on the time-bomb ticking away under the church in the slight form of his disenchanted archivist and biographer Gerry Armstrong, who had taken thousands of documents with him when he left Scientology – documents that *proved* the founder of Scientology was a charlatan and a liar.

For many months church attorneys had been trying to force Armstrong to return the material, having initially succeeded in having the documents placed under court seal. In May 1984, the issue went to trial at Los Angeles Superior Court before Judge Paul G. Breckenridge. A procession of witnesses trooped into the courtroom to tell their dismal stories about life in Scientology, at the end of which the judge refused to order the return of the documents and delivered a damning verdict on Scientology: 'The organization clearly is schizophrenic and paranoid, and this bizarre combination seems to be a reflection of its founder. The evidence portrays a man who has been virtually a pathological liar when it comes to his history, background and achievements. The writings and documents in evidence additionally reflect his egoism, greed, avarice, lust for power, and vindictiveness and aggressiveness against persons perceived by him to be disloyal or hostile.

'At the same time it appears that he is charismatic and highly capable of motivating, organizing, controlling, manipulating and inspiring his adherents. He has been referred to during the trial as a "genius", a "revered person", a man who was "viewed by his followers in awe". Obviously, he is and has been a very complex person and that complexity is further reflected in his alter ego, the Church of Scientology . . . He has, of course, chosen to go into seclusion, but . . . seclusion has its light and dark side too. It adds to his mystique, and yet shields him from accountability and subpoena or service of summons.'

The judge then turned to Mary Sue, who had been released after serving a year of her prison sentence and had given evidence during the hearing: 'On the one hand she certainly appeared to be a pathetic individual. She was forced from her post as Controller, convicted and imprisoned as a felon, and deserted by her husband. On the other hand her credibility leaves much to be desired. She struck the familiar pose of not seeing, hearing, or knowing any evil . . .'

The Church of Scientology immediately appealed against the decision of the court, ensuring that the documents remained under seal and unavailable to hordes of waiting newspapermen, at least for the time being.

Three weeks later, a judge in the High Court in London joined in the attack by memorably branding Scientology as 'immoral, socially obnoxious, corrupt, sinister and dangerous' and describing the behaviour of Hubbard and his aides as 'grimly reminiscent of the ranting and bullying of Hitler and his henchmen'.

Mr Justice Latey had been hearing a case involving a custody dispute over the children of a practising Scientologist and his wife, who had broken away from the cult. Awarding custody to the mother, the judge gave Scientology short shrift: 'It is corrupt because it is based on lies and deceit and had as its real objective money and power for Mr Hubbard, his wife and those close to him at the top. It is sinister because it indulges in infamous practices both to its adherents who do not toe the line unquestioningly and to those outside who criticize or oppose it. It is dangerous because it is out to capture people, especially children and impressionably young people, and indoctrinate and brainwash them so that they become the unquestioning captives and tools of the cult, withdrawn from ordinary thought, living and relationship with others.' As to the Hubbards, the judge considered the evidence clear and conclusive: 'Mr Hubbard is a charlatan and worse, as are his wife Mary Sue Hubbard and the clique at the top, privy to the cult's activities.'

Following the teaching of L. Ron Hubbard, most Scientologists assumed that such attacks were orchestrated and engineered by their multitude of enemies. In 1985, when CBS's '60 minutes' investigated Scientology and presenter Mike Wallace quoted the 'schizophrenic and paranoid' decision of Judge Breckenridge, the Reverend Heber Jentzsch, president of the Church of Scientology, had a ready, if incomprehensible, reply: 'I traced back where that came from, this whole schizophrenic paranoia concept that he has. It came from Interpol. At that time, the president of Interpol was a former SS officer, Paul Dickopf. And to find that Judge Breckenridge quoted a Nazi SS officer as the authority on Scientology, I find unconscionable . . .'

On 19 January 1986, Scientologists around the world received their last message from L. Ron Hubbard. In Flag Order number 3879, headed 'The Sea Org and The Future', he announced that he was promoting himself to the rank of Admiral. Alongside the proclamation, in a Scientology magazine, was a colour photograph of the grey-haired Commodore in his Sea Org peaked cap. He was grinning broadly, with a definite twinkle in his eyes. He had never looked more like Puck.

Creston, population 270, elevation 1110 feet, straddles a dusty road junction twenty miles north of the old mission town of San Luis Obispo in California. On the main streeet, which at most times of the day is deserted, there may be found the Loading Chute Steak Dining-Room, Creston Realty, a post office with a flagpole and two phone booths outside and a ramshackle wooden building with peeling red paint and a slipped sign proclaiming it to be the Long Branch general store. Rusting automobile hulks sprouting weeds, flea-bitten tethered horses and satellite dishes are a common feature in the gardens of the unassuming houses thereabouts.

On O'Donovan Road, which runs south off the main street, there is a small library, a school, the Creston Community Church Bible Classroom and the meeting hall of Creston Women's Club. Attached to the front of the meeting hall is a notice board offering for sale a horse, a pick-up and a '69 sedan, both these last 'needing work'. It is evident that the good people of Creston have yet to share the affluence to be seen displayed so ostentatiously elsewhere in California.

But further along O'Donovan Road, the rural landscape is clearly manicured by money. Rolling hills of green velvet are stitched with white picket fences and the houses stand well back from the road behind meadows sprinkled with wild daisies and studded with twisted oak trees. Four miles out of the town there is a graded track off to the right and a metal sign indicates it is a private road leading to the Emmanuel Conference Centre. This track winds up the hillside along the edge of the Whispering Winds Ranch, a 160-acre spread which, according to local gossip, was once owned by the actor Robert Mitchum. The gates to the ranch may be found after about 400 yards and the track then forks to a small cedarwood house on the right, continuing on the left up the hill to the Camp Emmanuel ecumenical retreat. It is a quiet place, a perfect place to hide.

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L. RON HUBBARD

Messiah or Madman?

by Bent Corydon
and L. Ron Hubbard, Jr.

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The Boss's Withholds Are Revealed in a "Wog Court"

The Church side (representing Hubbard) was confident they would win the Armstrong trial.

In their view, the biographical documents clearly belonged to L. Ron Hubbard. Mary Sue Hubbard (newly out of prison, on parole) had clear claims as custodian. She claimed that her personal letters being viewed by the likes of Flynn was tantamount to "mental rape."

The documents were now in the custody of the Los Angeles Superior Court.

The Church pushed for a speedy trial, without doubt at the insistence of Hubbard, who was secretly living a couple of hours by car from the courthouse, near San Luis Obispo.

Any legal maneuvers, at any cost, were being used to ensure those documents were speedily returned "to their proper owner."

While the legal bureau fought hard for the return of "L. Ron Hubbard's" documents, Church P.R. would later make claims that key documents involved were really "forgeries" planted by Government covert agencies.

****

June of 1984 the trial began.

Gerry Armstrong was on the stand for a couple of weeks, and the trial lasted a total of almost ten weeks. There were star witnesses brought on by Flynn who had known Hubbard and his finances intimately; and the Church brought on Mary Sue and even an old sea captain called Thomas Moulton, who had served under Hubbard during World War II in the Northeast Pacific.

I was fascinated by the proceedings and disclosures on the day when I first attended, and after that I took off almost every day from my other pursuits and drove the 50 miles to L.A. to attend.

The opening arguments were presented for the Church and Mary Sue Hubbard, by Mr. Litt:

CHURCH'S OPENING ARGUMENT (excerpts):

> This case is, in essence, a very simple case. . . .
>
> Mr. Armstrong in 1980, January or February of 1980, petitioned within the church that he be appointed as an archivist to gather up materials that had been found in a building on church property in a place out in the desert called Gilman Hot Springs; it turned out to be a great deal of old material of the Hubbards which had been gathered. . . .
>
> Now the issue, therefore, is whether or not these private materials can be used by the defendant and introduced into evidence.
>
> They want these documents spread on the public record for use elsewhere. That is the intended objective.
>
> It is a desire to intrude into these private materials so that they can be used in the public arena in various ways, as part of what is in reality a very intense litigation battle and public battle that exists throughout the country in which Mr. Flynn is involved with the Church. . . .
>
> The documents themselves are private and are entitled to the privacy protections of the United States Constitution. . . .

ARMSTRONG'S OPENING ARGUMENT (by Flynn):

> It was Armstrong's decision what to shred. He decided that it [the box presented to him by Brenda Black] shouldn't be shredded on an initial cursory examination of the box, and entrusted it to Laurel Sullivan.
>
> Subsequently, after a lot of other documents in the identical location were shredded, Armstrong began to look through the box of documents and he found documents which he thought had, quote unquote, historical significance, and he wrote a petition to Hubbard asking for permission to collect more materials to complete the biography project which had actually started in 1973; and the evidence will be that Laurel Sullivan and others actually began this biography project. But at various times it got derailed because the authors, one being a fellow named Peter Thompkins, wouldn't write what Hubbard wanted him to write.
>
> So eventually we come up to 1980. Armstrong writes to Hubbard. Hubbard approves it.

Now, there is a key fact here and that is that Hubbard is in the process of fleeing because his wife has just been convicted of a felony, [for] obstruction of justice for stealing documents.

There is a pending grand jury in New York for the frame-up of a journalist named Paulette Cooper, and there is evidence which was then coming in before the grand jury relative to Hubbard's involvement in that frame-up.

So Hubbard flees. Subsequently he is determined to be concealing himself as a fugitive, and a federal court in Tampa so found.

What happened is, because Mary Sue was on her way to jail, because L. Ron Hubbard was fleeing, the control mechanisms within the organization over the documents deteriorated, and no one really knew (and to this day, no one knows, other than Gerald Armstrong) really what is in those documents (Because he is the one—other than Omar Garrison—who has analyzed them for years).

So, even Hubbard himself did not precisely know what was in the documents.

Now, Armstrong begins to go through them. He gets the approval from Hubbard. . . .

Over a period of a year and a half Armstrong collects all these documents, turning them over to Garrison and Garrison begins to analyze them to write the book, and starts writing the book.

Well, Garrison . . . realizes that the representations that were made by L. Ron Hubbard right from his birth, right up to present . . . are false. . . .

So Garrison realizes that he can't write what Hubbard wants him to write. In fact, if he follows any journalistic ethics, he's got to write just precisely the opposite. . . .

Garrison rightfully, pursuant to the contract, has the documents.

Armstrong has no documents at this point. He's turned them over to Garrison. For the next five to six months he works intermittently with Garrison on the biography project because they are now going to write their own, and he also works for a law firm part-time, subsequently full time.

Thereafter the Church begins to harass Mr. Armstrong. . . . They do a number of things. For one thing they make him an enemy . . . and subject him to the Fair Game Doctrine.

They steal photographs from him. They are his own private materials which he actually received from a third party. . . .

They steal other materials from him, which had nothing to do with the collection of documents when he was working for Hubbard. . . .

At the same time, in light of a lot of harassive acts, he's got very

> paranoid. He's seen what the Church of Scientology, over the last decade, has done to other people.
>
> He knows what they have done in the criminal cases and he is fearful . . . that they are going to kill him.
>
> He then goes back to Garrison and tells Garrison what is happening, and Garrison then gives him the documents . . . to defend himself.
>
> So he goes to a lawyer; namely me, and the reason he came to me is because he thought that there were very few lawyers in the United States who were willing to litigate against the organization because of what they do. . . .
>
> Garrison, for the next year thereafter, continues to prepare the biography and, in fact, comes up with a publisher. Approximately one month after Mr. Garrison comes up with a publisher for the true biography of L. Ron Hubbard, he is approached by the Church of Scientology, attorneys for Mr. Hubbard, and they basically make a deal with Mr. Garrison. He will give them back every document he has. He will not disseminate the information. He will give them back the manuscript that he has done based upon the documents, and he will be paid some, I understand, $240,000, or something in that range . . . in the summer of 1983. . . .
>
> There has been no conversion by Mr. Armstrong because he received the documents rightfully from Mr. Garrison . . ."

****

Regarding his examination of Mary Sue Hubbard, Michael Flynn told me he had mixed feelings about her. She had, after all, been made a scapegoat for Hubbard's crimes. On the other hand, she had done what she had done, and she did appear completely unrepentant.

In his examination of her, he did not appear to pull any punches.

During one exchange regarding Guardian's Order 121669, (covered in Chapter 11) where Mary Sue states:

". . . make full use of all files of the organization to affect your major target [prevent infiltration]. These include personnel files, Ethics files, Dead files, central files, training files, *processing files* (emphasis added), and requests for refunds."

The office headed by her, the G.O., had files that contained a great deal of information taken from "processing files"—also known as "preclear or "auditing" files:

> Q (by Flynn). Let me show you a document dated 27 September,

> 1978, Info re_______[a woman's name omitted in respect of her right to privacy].
>
> _______'s auditing files start with July, 1963. It goes on to state who she has been promiscuous with, and masturbating with coffee grounds, that type of thing. Do you see that Mrs. Hubbard?
>
> A. I see that Mr. Flynn.

Later Flynn, referring to a document shown the witness, and reading:

> Q. "Dear Cindy. Here is pertinent data from _______'s PC [preclear] files." Do you know who Cindy is?
>
> A. She might refer to Cindy Raymond? She worked in the U.S. Guardian's Office.
>
> Q. And there are references on the first page about the person's, for example, masturbation practices, that type of thing, Mrs. Hubbard, at the bottom.
>
> Witness: Yes. Have you got something on masturbation? You keep asking me about it.
>
> Q (by Flynn). Do you think your organization was interested in those types of things from a person's PC files, Mrs. Hubbard?
>
> A. I don't know. I am looking at documents that seem to indicate that there was, yes, Mr. Flynn.

Prior to, and following, this testimony there was testimony from witnesses that pre-clear folder information was routinely "culled" for discreditable information and sent to "B-1", (the intelligence bureau).

However, one high executive, Lymon Spurlock, testified that this practice was discovered by him to have been done by Guardian's Office personnel, who had since been removed. He added that he had never done such a thing and was outraged to discover such a practice.

Later, however, Nancy Dincalsy testified that she personally culled pre-clears' folders daily and sent "overt" lists to B-1 of the Guardian's Office, per standard orders. She also said that she worked as an auditor alongside Lymon Spurlock for many months, and that she observed him also "culling" PC folders for the G.O. daily.

****

Captain Moulton was brought into the courtroom like the inevitable surprise witness in "Perry Mason." He was a handsome man in his

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late sixties, over six feet tall, with grey hair and a walking cane. The very image of a retired ship's captain.

Church lawyer Petersen wore an air of triumph as he marched in with Captain Moulton. With a grin, he made an aside to Flynn. I couldn't hear the words exactly. It wasn't necessary. The intent was apparent: "We got'cha now!"

It quickly became clear that Captain Moulton had served under Hubbard off the coast of Oregon, after which Hubbard was removed by Admiral Fletcher for exceeding orders. . . .

> Q [by Flynn]. He told you that he was injured by a Japanese Machine gun?

Captain Moulton affirmed that Hubbard had told him the story while they were in training together in a naval training class in Miami.

> Q. Did he describe the circumstances under which he was injured by the Japanese machine gun?
>
> A. Yes, in some detail; not entirely.
>
> Q. What did he tell you?
>
> A. That he had been in Soerabaja at the time the Japanese came in or in the area of Soerabaja and that he had spent some time in the hills in back of Soerabaja after the Japanese had occupied it.
>
> Q. Now, Soerabaja was where, sir?
>
> A. That is a port on the north part of Java in the Dutch East Indies.
>
> Q. So you understood from Captain Hubbard that he had been in Java fighting the Japanese and was hit by machine gun fire?
>
> A. Not quite as you put it. He had been landed, so he told me, in Java from a destroyer named the *Edsel* and had made his way across the land to Soerabaja, and that is when the place was occupied. When the Japanese came in, he took off into the hills and lived up in the jungle for some time until he made an escape from there.
>
> Q. So you believed Captain Hubbard at the time?
>
> A. Certainly, I had no reason not to.
>
> Q. Did he tell you exactly where he was hit by the machine gun fire?
>
> A. In the back, in the area of the kidneys, I believe on the right side.
>
> Q. And did he tell you how long he remained hiding in the hills with these machine gun wounds before he was removed from the combat area?
>
> A. I know that he told me he had made his escape eventually to Australia. I don't know just when it was. He apparently—he and another chap—sailed a life raft, I believe, to near Australia where they were picked up by a British or Australian destroyer.

Q. And that would have been late 1941, early 1942?

A. I would imagine it would have to have been early '42 because it would take some time from December 7.

Flynn proceeded to show naval documents, one stating that Hubbard was ordered to Australia on November 24, 1941; and that he left on December 8, 1941, from the United States.

Captain Moulton noted that if Hubbard had been in intelligence, the document may have been spurious. "An intelligence officer, as far as I know, has all sorts of spurious letters stating where he is sent, when he got there."*

Another document was shown to him dated 14 February 1942, by the United States Naval Attaché, Melborne, Australia (the 14th of February would have been roughly one month to six weeks after he was "shot in the back by a Japanese machine gun").

Captain Moulton, like so many others, had been completely taken in by Hubbard.

Flynn read part of it aloud:

> The subject officer arrived in Brisbane via SS *President Polk*. He reported to me that he was ordered to Manila for duty and asked for permission to leave the SS *President Polk* until a vessel offering a more direct route to his destination was available. I authorized him to remain in Brisbane for future transportation to his destination. By assuming unauthorized authority and attempting to perform duties for which he has no qualifications, he became *the source of much trouble*. [Emphasis added]
>
> On February 11, 1942, I sent him dispatch orders to report to the commanding officer USS *Chaumont* for passage to the United States, and upon arrival report to the commandant 12th Naval District for future assignment. This officer is not satisfactory for independent duty assignment. He is garrulous and tries to give impressions of his importance. He also seems to think that he has unusual ability in most lines. These characteristics indicate that he will require close supervision for satisfactory performance of any intelligence duty.

*This is the essence of the Church's "sheepdipping" argument. They have an "expert" who claims that the "Armstrong" documents relating to Hubbard's military history were falsely placed there because Hubbard was in "counter-intelligence."

In fact, Hubbard spent less than two months in "intelligence" in Australia. Evidence indicates that he was engaged in the routing of ship movements.

Other documents which put Hubbard in a better light were also among the Armstrong documents, but the Church makes no claim that these were "sheepdipped." The "sheepdip" argument was apparently not given any weight by the Court.

****

Witness Kima Douglass (Hubbard's "medical officer," 1976–1980).

Q. Now you have heard the name Ernest Hartwell mentioned?

A. Yes.

Q. Were you in the presence of L. Ron Hubbard when he ordered Hartwell's PC files to be culled?

A. Yes. He ordered all crimes listed and signed by the Hartwells before they left. I believe the Hartwells were incarcerated for a short while.

Q. Now did you have the opportunity to personally observe L. Ron Hubbard between 1978 and 1980 with regard to irrational or abusive behavior?

A. Yes.

Q. And what did you observe?

A. That there were times he was irrational.

Q. And was he abusive?

A. I saw him hit one person. I consider that abusive.

Q. Did you personally see L. Ron Hubbard order people to the RPF for minor infractions?

A. Yes, I was one of them.

Q. And what was the infraction?

A. I had—LRH had a kidney infection. We had taken the urine test in to be examined. The urine test came back that he had streptococci bacteria and we started treating him with an antibiotic.

Six weeks later I did another test because he wasn't getting any better. We brought the test to him and it showed different bacterial infection at that point and he was very angry and put me in the RPF.

It was not an RFP as it later became when Gerry [Armstrong] was there. I was put into Coventry for five weeks and nobody was allowed to talk to me.

Q. Are you familiar with the culling of PC files at winter headquarters and summer headquarters at the Special Unit in 1977 and 1978?

A. Yes.

Q. And what did you see with regard to the culling of PC folders?

A. I have culled PC folders myself. I have seen other staff members culling folders.

Q. For what purpose?

A. To be sent to B-1.

Q. And B-1 is what?

A. Guardian Office Intel.

Q. And were you personally familiar with his health history?

A. Yes.

Q. And because of the nature of the technology of Scientology, his health history was held out to the public as being superior?

A. Yes.

Q. And you know in fact that his health history was not what it was represented to the public as; is that correct?

A. Correct.

Q. And on at least one occasion you had saved L. Ron Hubbard's life from a pulmonary embolism?

A. I got him into hospital. That saved his life. I didn't personally save his life, but he had refused to go into a hospital and I countermanded his order, which was not a normal thing. But I countermanded his order on two occasions. That was one of them. . . .

Q. Mrs. Douglas, was one of your duties inside the organization to courier cash around the world?

A. Yes.

Q. Have you crossed the United States in excess of a hundred times with millions of dollars in cash?

A. Well, not in excess of a hundred. I have not crossed the United States in excess of a hundred. It has been under that, but I have couriered hundreds of thousands of dollars out of the United States during the period when it was actually a criminal action, as it was actually only a certain amount of money to be allowed to be taken out of the United States, and I knowingly committed that action at the time.

Q. Do you know where the money was taken at that time?

A. To the ship. I took them to the flagship myself.

Q. Did you ever take any moneys to Luxembourg or Lichtenstein bank accounts:

A. Yes, I did.

Q. And what amounts?

A. I took some from the ship. I can't give you an exact amount, but it was in excess of a million.

Q. Did he suffer from pneumonia?

A. Once in a while.

The Court: *Did he have any bullet wounds in his back?*

Witness: *No sir.*

****

Cross-examination of Howard Shomer by Mr. Harris (attorney for the Church):

Let me ask you this, Mr. Shomer: You say when Mr. Hubbard was aboard the ship, he controlled everything under all circumstances all the time; is that right?

> A. That is too inclusive. I mean, I didn't have to ask him to go to the bathroom.
>
> Q. You said he managed it all the time.
>
> A. We are talking about—let's get down to brass tacks. We are talking about the management of the Scientology network throughout the world, and everything that had any importance to do with the running of the ship otherwise, that he was the almighty that ran everything, yes. . . .

Homer's daughter, who had been brought into the Sea Org by him with the highest of dreams and hopes for them both, had been forced to "disconnect" from him after he left.

He had escaped from Gilman Hot Springs in early 1983. There he had been left under guard after an all night "gang bang sec check." During that night he was supposed to confess that he was an agent of the FBI, CIA, IRS, KGB or whatever. When he failed to do so, David Miscavage and Steve Marlowe spat in his face. They were both chewing chaw tobacco in anticipation of the event.

****

On the 20th of June, Judge Brekenridge issued his findings. He found that the Church and Mary Sue Hubbard were not to have their documents back "at least at this time," and that they could be made public (unless specifically ordered sealed) and used as admissible evidence in current, pending and future court cases.

Armstrong was entitled to judgment and costs.

He found that neither "The Church" nor Mary Sue Hubbard had "clean hands."

He found that Armstrong had permission to have the materials and acted properly in turning them over to Garrison and later retrieving them for his defense and then turning them over to Flynn as his attorney.

JUDGE BREKENRIDGE (excerpts):

> As indicated by its factual findings, the court finds the testimony of Gerald and Joycelyn Armstrong, Laurel Sullivan, Nancy Dincalcis, Edward Walters, Omar Garrison, Kima Douglas, and Howard Shomer to be credible, extremely persuasive, and the defense of privilege or justification established and corroborated by this evidence. . . . In all critical and important matters their testimony was precise, accurate,

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and rang true. The picture painted by these former dedicated Scientologists, all of whom were intimately involved with LRH, or Mary Sue Hubbard, of the Scientology Organization, is on the one hand pathetic, and on the other, outrageous.

Each of these persons literally gave years of his or her respective life in support of a man, LRH, and his ideas. Each has manifested a waste and loss or frustration which is incapable of description. Each has broken with the movement for a variety of reasons, but at the same time, each is still bound by the knowledge that the Church has in its possession his or her most inner thoughts and confessions, all recorded in "pre-clear" (P.C.) folders, or other security files of the organization, and that the Church or its minions is fully capable of intimidation or other physical or psychological abuse if it suits their ends. The record is replete with evidence of such abuse.

In addition to violating and abusing its own members' civil rights, the organization over the years with its "Fair Game" doctrine has harassed and abused those persons not in the Church whom it perceives as enemies.

The organization clearly is schizophrenic and paranoid, and this bizarre combination seems to be a reflection of its founder LRH. The evidence portrays a man who has been virtually a pathological liar when it comes to his history, background and achievements.*

The writings and documents in evidence additionally reflect his egoism, greed, avarice, lust for power, and vindictiveness and aggressiveness against persons perceived by him to be disloyal or hostile.

At the same time it appears that he is charismatic and highly capable of motivating, organizing, controlling, manipulating, and inspiring his adherents.

He is referred to during the trial as a "genius," a "revered person," a man who was "viewed by his followers in awe."

Obviously, he is and has been a very complex person, and that complexity is further reflected in his alter ego, the Church of Scientology. Notwithstanding protestations to the contrary, this court is satisfied that LRH runs the Church in all ways through the Sea Organization, his role of Commodore, and the Commodore's Messengers.

He has, of course, chosen to go into "seclusion," but he maintains contact and control through his top messengers.

---

*On "60 Minutes" Heber Jenzsch, the Church's senior public relations man, responded to the Judge's comments about Hubbard. He had, he said, investigated what was the basis of the judge's decision: "I traced back where that came from, this whole schizophrenic/paranoia concept that he has. It came from Interpol. At that time the president of Interpol was a former SS officer, Paul Dickoph. And to find that Judge Brekenridge quoted a Nazi SS officer as the authority on Scientology, I find unconscionable!"

Seclusion has its light and dark side too. It adds to his mystique, and yet shields him from accountability and subpoena and service of summons.

LRH's wife, Mary Sue Hubbard, is also a plaintiff herein. On the one hand she certainly appeared to be a pathetic individual. She was forced from her post as Controller, convicted and imprisoned as a felon, and deserted by her husband.

On the other hand her credibility leaves much to be desired. She struck the familiar pose of not seeing, hearing, or knowing any evil. Yet she was the head of the Guardian's Office for years and, among other things, authored the famous order "G.O. 121669" which directed the culling of supposedly confidential P.C. files/folders for purposes of internal security.

In her testimony she expressed the feeling that defendant [Armstrong] subjected her to mental rape.

In determining whether the defendant [Armstrong] reasonably invaded Mrs. Hubbard's privacy, the court is satisfied the invasion was slight, and the reasons and justification for defendant's conduct manifest.

The court is satisfied that he did not unreasonably intrude upon Mrs. Hubbard's privacy under the circumstances by in effect simply making his knowledge that of his attorneys.

It is, of course, rather ironic that the person who authorized G.O. 121669 should complain about an invasion of privacy.

The practice of culling supposedly confidential "P.C. folders or files" to obtain information for purposes of intimidation and/or harassment is repugnant and outrageous.

The Guardian's Office, which plaintiff headed, was no respecter of anyone's civil rights, particularly that of privacy. . . .

****

My belief is that Hubbard's rage, following Brekenridge's decision and statements about his being a "pathological liar" and a "paranoid schizophrenic," bordered on the hysterical. I'm convinced that he must have made demands that Flynn and Armstrong's "crimes" be uncovered immediately! *His "scriptures" state as an absolute fact that enemies of L. Ron Hubbard have crimes of magnitude!* While I have no evidence of this, the following events would not, I believe, have occurred without Hubbard's rage as prime stimulus. Acting on that rage, while fully believing Hubbard's raving accusations, Church agents, I believe, proceeded to become patsies for some uncommon thieves. . . .

A PIECE OF BLUE SKY

Scientology, Dianetics
and L. Ron Hubbard Exposed

by Jon Atack

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tempts to prevent distribution of his *Bare-Faced Messiah* in England, Canada, Australia and the United States.

In 1983, the Legal office of the Church admitted that it did not know how many suits were outstanding in England alone. So many writs had been issued for libel it had lost track. In 1968, *thirty-eight* libel suits were dropped by the Church in England. Cases which continued were uniformly lost by the Church.

Boston attorney Michael Flynn won fourteen of the sixteen complaints brought against him by the Church, the remaining two being withdrawn. The Church has from time to time filed suits against the FBI, the IRS, the Justice Department, Interpol and even against Henry Kissinger (for $800 million).

Scientology has filed hundreds of cases over the years. Most have been withdrawn before trial, but in Britain suits against a former Police Commissioner and against Member of Parliament Geoffrey Johnson-Smith were both lost by the Church. In return, there have been hundreds of suits filed against Scientology. The Church was forced to pay substantial damages to former Health Minister, Kenneth Robinson, and withdraw their allegations that he had instigated "death camps," likened by the Church to Belsen and Auschwitz.[1]

Also in the legal arena are the reports of the many Commissions of Inquiry, and of several U.S. grand jury investigations. These run to tens of thousands of pages. Two books have been written about the attempt made by the Guardian's Office to take over the National Association of Mental Health in the U.K. in the late 1960s, which also ended in a ruling against Scientology in the English High Court.

Of all the court cases, two stand out. Their verdicts came down within a month of each other: one in Los Angeles, the other in London. The first, and perhaps the most revealing to date, was the case brought by the Scientologists against Gerald Armstrong.

Armstrong had joined the Sea Org in 1971. Over the years he held various positions close to Hubbard. During the trial he gave detailed testimony of these periods, and of his time in the Rehabilitation Project Force. His accounts highlighted the extreme duress of life in the Sea Org.

Armstrong saved over twenty boxes of Hubbard letters, diaries and photographs from the shredder at Gilman Hot Springs. On January 8, 1980, he wrote to Hubbard asking permission to collect material for a biography. A few years earlier Hubbard had lamented that no biography could be written because his personal documents had been stolen, and the great Conspiracy against him would by now have altered all public records.

Far from being stolen by the Russians in the early 1950s, as Hubbard had claimed, his personal archive had quite remarkably been preserved. When the Hubbards left Washington for Saint Hill, in spring 1959, the boxes had been put into storage, where they stayed until the late 1970s. Somehow they had been shipped to La Quinta, and thence to Gilman. Armstrong was excited by the discovery, as it would no longer be necessary to rely on the supposedly corrupted government records, with Hubbard's personal documents in hand.

Hubbard approved Armstrong's request only days before he went into deep hiding. Armstrong was titled "L. Ron Hubbard Personal Public Relations Office Researcher," and he collected over half-a-million pages of material by the end of 1981.

Omar Garrison, who had already written two books favorable to Scientology, was contracted to write the biography in October 1980, and the Archives were made available to him. Armstrong became Garrison's research assistant, copying tens of thousands of the most relevant documents for Garrison's use.

In his judgment in the Scientologists' case against Armstrong, Judge Breckenridge explained the gradual erosion of Armstrong's faith in Hubbard:

> During 1980 Defendant Armstrong remained convinced of Hubbard's honesty and integrity and believed that the representations he had made about himself in various publications were truthful. Defendant Armstrong was devoted to Hubbard and was convinced that any information which he discovered to be unflattering of Hubbard or contradictory to what Hubbard has said about himself, was a lie being spread by Hubbard's enemies. Even when Defendant Armstrong located documents in Hubbard's Archives which indicated that representations made by Hubbard and the Organization were untrue, Defendant Armstrong would find some means to "explain away" the contradictory information.
>
> Slowly, however, throughout 1981, Defendant Armstrong began to see that Hubbard and the Organization had continuously lied about Hubbard's past, his credentials, and his accomplishments.

Armstrong began a campaign to correct the numerous misrepresentations, but met with considerable resistance. In November 1981, he was ordered back to Gilman from Los Angeles. He was told by senior

Church official Norman Starkey that he was to be Security-checked. There was no desire to correct Hubbard's biography. To this day, Scientology Orgs sell books which contain the very biographies which Armstrong had proved false; Hubbard's *Mission into Time* is the worst example of many.

On November 25, 1981, Armstrong wrote to Commodore's Messenger Cirrus Slevin:

> If we present inaccuracies, hyperbole or downright lies as fact or truth, it doesn't matter what slant we give them, if disproved the man will look, to outsiders at least, like a charlatan. This is what I'm trying to prevent and what I've been working on the past year and a half.

A few weeks later, Armstrong decided to leave the Church. Before leaving, he worked desperately hard to ensure that Omar Garrison had all of the documents necessary for an honest biography. After leaving, he maintained contact with the Biography Project, even helping to find documents in the Archives when the new Archivist was unable to do so, for two months following his departure. Judge Breckenridge's opinion continues:

> On February 18, 1982, the Church of Scientology International issued a "Suppressive Person Declare Gerry Armstrong," which is an official Scientology document issued against individuals who are considered enemies of the Organization . . .
>
> Defendant Armstrong was unaware of said Suppressive Person Declare until April of 1982. At that time a revised Declare was issued on April 22, 1982. Said Declare charged Defendant Armstrong with eighteen different "Crimes and High Crimes and Suppressive Acts Against the Church." The charges included theft, juggling accounts, obtaining loans on [sic] money under false pretenses, promulgating false information about the Church, its founder, and members, and other untruthful allegations designed to make Defendant Armstrong an appropriate subject of the Scientology "Fair Game Doctrine." Said Doctrine allows any suppressive person to be "tricked, cheated, lied to, sued, or destroyed."
>
> . . . from his extensive knowledge of the covert and intelligence operations carried out by the Church of Scientology of California against its enemies (suppressive persons), Defendant Armstrong became terrified and feared that his life and the life of his wife were in danger, and he also feared he would be the target of costly and harassing lawsuits. In addition, Mr. Garrison became afraid for the security of the

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> documents and believed that the intelligence network of the Church of Scientology would break and enter his home to retrieve them. Thus Defendant Armstrong made copies of certain documents for Mr. Garrison and maintained them in a separate location.

Armstrong, with Garrison's permission, made copies of about 10,000 pages of these documents, and deposited them with attorneys for safe keeping. Michael Flynn was one of these attorneys.

On August 2, 1982, the Church of Scientology of California filed suit against Gerald Armstrong for Conversion (a form of theft); breach of fiduciary duty (breach of trust); and breach of confidence. Mary Sue Hubbard joined the suit against Armstrong as an "intervenor," and added a charge of "Invasion of Privacy" to the suit. Judge Breckenridge's opinion continues:

> After the within suit was filed . . . Defendant Armstrong was the subject of harassment, including being followed and surveilled by individuals who admitted employment by Plaintiff; being assaulted by one of these individuals; being struck bodily by a car driven by one of these individuals; having two attempts made by said individuals apparently to involve Defendant Armstrong in a freeway automobile accident; having said individuals come onto Defendant Armstrong's property, spy in his windows, create disturbances, and upset his neighbors. During trial when it appeared that Howard Schomer (a former Scientologist) might be called as a defense witness, the Church engaged in a somewhat sophisticated effort to suppress his testimony.

After hearing four weeks of testimony, and deliberating for two weeks, Judge Breckenridge ruled that Gerald Armstrong was entitled to judgment and costs. The preceding quotations come from a fifteen-page appendix to the opinion. The main body of the decision is one of the most forceful statements ever made against the Church of Scientology. Of the Founder and his Church, Judge Breckenridge wrote:

> In addition to violating and abusing its own members' civil rights, the organization over the years with its "Fair Game" doctrine has harassed and abused those persons not in the Church whom it perceives as enemies. The organization clearly is schizophrenic and paranoid, and this bizarre combination seems to be a reflection of its founder LRH. The evidence portrays a man who has been virtually a pathological liar when it comes to his history, background, and achievements. The writings and documents in evidence additionally reflect his egoism,

> greed, avarice, lust for power, and vindictiveness and aggressiveness against persons perceived by him to be disloyal or hostile. At the same time it appears that he is charismatic and highly capable of motivating, organizing, controlling, manipulating, and inspiring his adherents. He has been referred to during the trial as a "genius," a "revered person," a man who was "viewed by his followers in awe." Obviously, he is and has been a very complex person, and that complexity is further reflected in his alter ego, the Church of Scientology. Notwithstanding protestations to the contrary, this court is satisfied that LRH runs the Church in all ways through the Sea Organization, his role of Commodore, and the Commodore's Messengers. He has, of course, chosen to go into "seclusion," but he maintains contact and control through the top messengers. Seclusion has its light and dark side too. It adds to his mystique, and yet shields him from accountability and subpoena or service of summons.
>
> LRH's wife, Mary Sue Hubbard is also a plaintiff herein. On the one hand she certainly appeared to be a pathetic individual. She was forced from her post as Controller, convicted and imprisoned as a felon, and deserted by her husband. On the other hand her credibility leaves much to be desired. She struck the familiar pose of not seeing, hearing, or knowing any evil. Yet she was the head of the Guardian Office for years and among other things, authored the infamous order "GO [Guardian's Order] 121669" which directed culling of supposedly confidential P.C. [Preclear] files/folders for the purposes of internal security. In her testimony she expressed the feelings that defendant by delivering the documents, writings, letters to his attorneys, subjected her to mental rape. . . . The court is satisfied that he [Armstrong] did not unreasonably intrude upon Mrs. Hubbard's privacy under the circumstances. . . . It is, of course, rather ironic that the person who authorized G.O. order 121669 should complain about an invasion of privacy. The practice of culling supposedly confidential "P.C. folders or files" to obtain information for purposes of intimidation and/or harassment is repugnant and outrageous. The Guardian's Office, which plaintiff headed, was no respector of anyone's civil rights, particularly that of privacy.

The documents involved in the case were extensive. They included copies of letters from Hubbard to his father, to his first two wives, and to the children of his first marriage. They also included Hubbard's teenage diaries, his Boy Scout records, poems, and the manuscript of an unpublished book called *Positive Mental Therapy*. Also included were Hubbard's letters to Mary Sue Hubbard over the years, where he said exactly what he was doing while researching the "Technology" of Scientology. For example, there are letters sent from North Africa in late 1966, to Mary Sue at Saint Hill, which give details of the drugs

Hubbard was taking to "research" the most secret of Scientology's levels, OT3.

During the course of the trial, the judge heard testimony from Armstrong; his wife Jocelyn; Laurel Sullivan, who had been Armstrong's senior on the Biography Project; the proposed author Omar Garrison; Hubbard's nurse Kima Douglas (who left Hubbard in January 1980); and former Author Services Incorporated Treasury Secretary Howard Schomer.

Omar Garrison, who had been commissioned to write the biography, had this to say of the documentation Armstrong provided:

> The inconsistencies were implicit in various documents which Mr. Armstrong provided me with respect to Mr. Hubbard's curriculum vitae, with respect to his Navy career, with respect to almost every aspect of his life. These undeniable and documented facts did not coincide with the official published biography that the church had promulgated.

Garrison intended to complete the biography, and continued with this work through 1982. In June 1983, he agreed to a settlement with the Church. The Church wanted to be absolutely sure that the manuscript wasn't made public. Garrison reluctantly agreed. He too had been followed by private detectives, "bumper to bumper." However, Garrison retained copies of documents from the Hubbard archives to ensure the church's good behavior.

Jocelyn Armstrong testified that she had worked on a project where Mission Holders were to sign backdated contracts, Board minutes and resignations.

Kima Douglas was Hubbard's personal Medical Officer from 1975 until her departure on January 16, 1980. From 1977, she was with Hubbard on a daily basis. She was also the head of no less than *fourteen* Scientology corporations, and had written undated resignations from each. Among these was the Religious Research Foundation, which was used to channel monies from the Flagship, and later the Flag Land Base, into non-Church accounts controlled by Hubbard.

Douglas testified that she was with Hubbard when he approved Armstrong's request to collect material for a biography. She had also been present when Hubbard had ordered that supposedly confidential counselling folders should be "culled" for admissions of crimes, and anti-social or immoral actions, for future use. Douglas admitted that she had seen Hubbard display "irrational and abusive" behavior, to the extent of striking someone. She also revealed the extent of Hubbard's ill health throughout the years she served him.

The myth of L. Ron Hubbard was badly fractured. It seemed that his mesmeric hold over Scientologists, whether Church members or Independents, was slipping. The trance could only be maintained through a stubborn refusal to consider the material now available.

The Judgment in the Armstrong case was filed on June 22, 1984, just as Justice Latey was preparing to hear a child custody case in London.

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EXEMPT FROM FEES
per GC6103

8-29-91

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

CHURCH OF SCIENTOLOGY OF CALIFORNIA,

Plaintiff,

vs.

GERALD ARMSTRONG,

Defendant.

MARY SUE HUBBARD,

Intervenor.

Case No. C 420153

ORDER ALLOWING THE UNITED STATES OF AMERICA TO EXAMINE AND COPY EXHIBITS 5-K, 5-L, 5-O, 5-P AND 6-O

Date: July 26, 1991
Time: 8:30 A.M.
Dept: 56

The above case came on for hearing before the Honorable Bruce R. Geernaert, Superior Court Judge, in Department No. 56, Superior Court, 111 North Hill Street, Los Angeles, California, at 8:30 AM on Friday, July 26, 1991.

William Drescher, Esq. appeared for the Church of Scientology of California. Edward M. Robbins, Jr., Assistant United States Attorney, appeared for the United States of America.

The Court has carefully considered the papers filed by the parties, the oral arguments of counsel, and the entire record herein, good cause appearing therefor, the Court grants the government's motion; however, this order is stayed until September 3, 1991. After September 3, 1991, the Clerk of the Superior Court shall allow the United States of America to examine and copy Exhibits 5-K, 5-L, 5-O, 5-P and 6-O, or in the alternative, shall supply the government with copies of the identified exhibits.

The documents delivered hereunder shall not be delivered to any other government agency by the IRS unless criminal tax prosecution is sought of an order of the district court is obtained in the case of United States v. Zolin, Case No. CV 85-0440-HLH(Tx)(D.C. C.D. Cal.). The documents delivered hereunder are subject to the confidentiality requirements of 26 U.S.C. § 6103 which prohibits the government from disclosing tax return information except as authorized by Title 26 (U.S.C.).

IT IS SO ORDERED.

DATED: This ______ day of ________________________, 1991.

BRUCE R. GEERNAERT
Superior Court Judge

PRESENTED BY:

LOURDES G. BAIRD
United States Attorney
MASON C. LEWIS
Assistant United States Attorney
Chief, Tax Division

EDWARD M. ROBBINS, JR.
Assistant United States Attorney

Attorneys for the United States
of America

CERTIFICATE OF SERVICE BY MAIL

I, PILAR LEGASPI, declare:

That I am a citizen of the United States and resident or employed in Los Angeles County, California; that my business address is United States Attorney, Tax Division, 300 North Los Angeles St., Los Angeles, CA 90012; that I am over the age of eighteen years, and am not a party to the above-entitled action; that I am employed by the United States Attorney for the Central District of California, who is a member of the bar of the United States District Court for the Central District of California, at whose direction the service by mail described in this certificate was made; that on AUG 27 1991, I deposited in the United States mails at 300 North Los Angeles St., Los Angeles, CA, in the above-entitled action, in an envelope bearing the requisite postage, a copy of ORDER ALLOWING THE UNITED STATES OF AMERICA TO EXAMINE AND COPY EXHIBITS 5-K, 5-L, 5-O, 5-P, and 6-O

addressed to

(see attached Mailing List)

at their last known address, at which place there is a delivery service by United States mail.

This certificate is executed on AUG 27 1991, at Los Angeles, California.

I certify under penalty of perjury that the foregoing is true and correct.

PILAR LEGASPI

cc: Eric M. Lieberman, Esquire
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PROOF OF SERVICE BY MAIL

I am a resident of the County of Marin, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 711 Sir Francis Drake Blvd, San Anselmo, California 94960.

On October 18, 1991 I caused to be served the within **EXHIBITS SUPPORTING OPPOSITION TO MOTION TO SEAL RECORD ON APPEAL** on interested parties in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at San Anselmo, California, addressed to the persons and addresses specified on the service list attached.

Executed on October 18, 1991 at San Anselmo, California.

I declare that the foregoing is true and correct.

L. Phippeny

L. Phippeny

SERVICE LIST
(Exhibits Supporting Opposition to Motion to Seal Record on Appeal)

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12-7-91
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6903

OFFICE OF THE CLE[illegible]
COURT OF APPEAL
STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT
ROBERT N. WILSON, CLERK

DIVISION: 3 DATE: 12/05/91

Gerald Armstrong
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San Anselmo, CA. 94960

RE: Church of Scientology of California,Etal
VS.
Armstrong, Gerald
Corydon, Bent
2 Civil B038975
Los Angeles NO. C420153

THE COURT:

MOTION TO SEAL RECORD DENIED.

ORIGINAL

FILED

SEP 18 1995

HOWARD HANSON
MARIN COUNTY CLERK
by J. Steele, Deputy

6904

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(415)456-8450
In Propria Persona

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF MARIN

CHURCH OF SCIENTOLOGY INTERNATIONAL, a California not-for-profit religious corporation,

Plaintiff,

vs.

GERALD ARMSTRONG; MICHAEL WALTON; THE GERALD ARMSTRONG CORPORATION a California for-profit corporation; DOES 1 through 100, inclusive,

Defendants.

No. 157 680

EVIDENCE IN SUPPORT OF OPPOSITION TO MOTIONS FOR SUMMARY ADJUDICATION OF 20TH CAUSE OF ACTION; AND 13TH, 16TH, 17TH & 19TH CAUSES OF ACTION OF SECOND AMENDED COMPLAINT

Date: 9/29/95
Time: 9:00 a.m.
Dept: One
Trial Date: Not Set

VOLUME IV

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Attorney for Defendant
GERALD ARMSTRONG

SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF MARIN

CHURCH OF SCIENTOLOGY INTERNATIONAL, a California not-for-profit religious corporation; Plaintiffs, vs. GERALD ARMSTRONG; DOES 1 through 25, inclusive, Defendants.	No. **152 229** **DECLARATION OF GERALD ARMSTRONG IN OPPOSITION TO SCIENTOLOGY'S MOTION FOR PRELIMINARY INJUNCTION** Date: March 20, 1992 Time: 9:00 a.m. Dept: 4 - Specially Set

I, Gerald Armstrong, declare and state:

1. I am making this declaration to support an opposition to a motion brought by the Scientology organization in the case of Church of Scientology International v. Armstrong, Marin County Superior Court No. 152 229 to enforce the settlement agreement I had entered into with the organization in December 1986. The facts hereinafter set forth are of my own first-hand knowledge.

2. I became involved with Scientology as a customer in 1969 in Vancouver, B.C. I worked on staff there in 1970 and in February 1971 joined the Sea Organization (SO or Sea Org) in Los

Angeles. I was flown to Spain and joined the Sea Org's flag ship, "Apollo," in Morocco. L. Ron Hubbard, the Sea Org's "Commodore," was on board and operated Scientology internationally through the "crew" which numbered, during my stay on board of four and a half years, around four hundred. All my staff positions on board involved personal contact with L. Ron Hubbard, Mary Sue Hubbard, administrative organization staff and people in the ports and countries the "Apollo" visited, and included "Ship's Representative" (legal representative), "Port Captain" (public relations officer), and "Information Officer" (intelligence officer).

3. In the fall of 1975 after the ship operation moved ashore in Florida I was posted in the Guardian's Office (GO) Intelligence Bureau connected to Hubbard's Personal Office. From December 1975 through June 1976 I held the post of Deputy LRH External Communications Aide, a relay terminal for Hubbard's written and telex traffic to and from Scientology organizations. From July 1976 to December 1977 I was assigned, on Hubbard's order, to the "Rehabilitation Project Force" (RPF), the SO prison system. In 1978 I worked in Hubbard's cinematography crew in La Quinta, California making movies under his direction until the fall of that year when he again assigned me to the RPF, this time for eight months first in La Quinta, then at a newly purchased base in Gilman Hot Springs near Hemet, California. When I got out of the RPF in the spring of 1979 and until the beginning of 1980 I worked in Hubbard's "Household Unit" (HU) at Gilman, the SO unit which took care of Hubbard's house, personal effects, transport, meals and so forth, as the "Purchaser," "Renovations In-Charge"

and "Deputy Commanding Officer HU."

4. Throughout 1980 and until I left the organization in December 1981 I held the organization posts in Hubbard's "Personal Public Relations Bureau" of "LRH Archivist" and "LRH Personal Researcher." I assembled in Los Angeles an archive of Hubbard's writings and other materials relating to his history to be used as, inter alia, the basis for a biography to be written about the man. I also worked in Los Angeles for the first few months of 1980 on Mission Corporate Category Sortout (MCCS), which had the purpose of restructuring the Scientology enterprise so that Hubbard could continue to control it without being liable for its actions. (A tape recording of two meetings relating to MCCS's actions subsequently became the subject of Church of Scientology of California v. Zolin.) Beginning in the fall of 1980 and continuing until my departure, I provided the biographical writings and other materials, as I collected and organized them, to Omar Garrison, who had contracted with the organization to write the Hubbard biography. I interviewed many people who had known Mr. Hubbard at periods throughout his life, including almost all of his known living relatives. I traveled several thousand miles collecting biographical information and conducting a genealogy search, and arranged the purchase of a number of collections of Hubbard-related documents and other materials from individual collectors.

5. Through my research and study of documentary evidence I was compelled to conclude that Mr. Hubbard had lied about his past, credentials, accomplishments, relationships and intentions. I obtained evidence which disproved many of the claims made by

Hubbard in his biographies printed in Scientology publications and used in promotion of the man and his philosophy and psychotherapy; consequently I attempted to get the organization executives responsible for these publications to correct the disproven claims. As a result I was ordered to be security checked, an invasive interrogation employing an electronic meter as a lie detector, a procedure I had undergone many times in the Sea Org. I had by this time obtained evidence which disproved the significant representations Hubbard had made about himself or his "technology" which had drawn me into and kept me in the organization for over twelve years; e.g., that he was an engineer and an atomic physicist, that he had been crippled and blinded in combat in WW II and had cured himself with his mental science discoveries, that it was a matter of medical record that he had twice been pronounced dead, that his psychotherapy had been subjected to rigorous scientific testing, that it cured all psychosomatic ills and raised IQs a point per hour of therapy (I had by this time had well over a thousand hours), that he had been remunerated for his labors less than staff members were paid (in my case between $4.30 and $17.20 per week throughout my SO years), and that he and his organization were ethical and well-intentioned. When it became clear to me that I was not going to be able to get the organization or Hubbard to admit to the lies and take a more honest path I, and my wife Jocelyn, left the organization.

6. Following my departure the organization published a "Declaration" dated February 18, 1982 labelling me a "Suppressive Person (SP)." An SP is considered in Scientology completely

psychotic and destructive, one of the two and a half percent truly evil people on the planet. SPs are viewed as enemies of Scientology and mankind and are targets for the organization's "Fair Game Policy," which states specifically that they may be lied to, cheated, sued and destroyed without discipline of the Scientologist committing such acts. The SP Declare also accused me of "spreading destructive rumors about senior Scientologists." I knew in early 1982 that I was the target of Guardian's Office intelligence operations because certain friends were contacted and interrogated about me by known GO intelligence personnel. The organization also appropriated a set of photographs I had entrusted with an associate, Virgil Wilhite, and when I demanded their return told me to get a lawyer.

7. A few days later I met with attorney Michael Flynn who agreed to defend me against the organization, which on April 22, 1982 published a second SP declare accusing me of eighteen "crimes, high crimes and suppressive acts," including, inter alia, promulgating false information about Hubbard and the organization. In the late spring and summer of 1982 I obtained from Omar Garrison with his permission some of the documents I had delivered to him while in the organization which I considered I would need to defend myself against the organization's charges in the SP declares and whatever actions they would bring against me in the non-Scientology courts. I sent these to Mr. Flynn and to Contos and Bunch, a California law firm which by then had agreed to represent me in Scientology litigation. The organization filed suit against me in the Los Angeles Superior Court on August 2, 1982 and the Hubbard biography documents I had sent to my lawyers

were ordered by the Court to be deposited with the clerk where they stayed until trial in the spring of 1984.

8. In August and September 1982 the organization employed a number of private investigators to surveil and harass my wife and me. During that period one of these investigators assaulted me bodily, and another struck my body with a car, and attempted to involve me a freeway accident by getting in front of my car and slamming on his brakes and pulling alongside my car and swerving into my lane. The organization also attempted to get the Los Angeles Police Department to bring criminal charges against me in connection with the Hubbard documents which had become the subject of the litigation in the Superior Court.

9. I filed a cross-complaint in 1982 against various Scientology corporations which was bifurcated from the underlying document case and never tried because it settled in December 1986. The document case was tried without a jury by Judge Paul G. Breckenridge, Jr. who rendered a decision on June 20, 1984. Between that time and the settlement the organization continued its campaign against me which included at least these acts:

- attempted entrapment;
- illegal videotaping;
- filing false criminal charges against me with the Los Angeles District Attorney;
- filing false criminal charges against me with the Boston office of the FBI;
- filing false declarations to bring contempt of court proceedings against me on three occasions;
- obtaining perjured affidavits from English private

investigators, who had harassed me in London in 1984, accusing me of distributing "sealed" documents;

- international dissemination of Scientology publications falsely accusing me of crimes, including crimes against humanity; and

- culling and disseminating information from my supposedly confidential auditing (psychotherapy) file.

10. On December 5, 1986 I was flown to Los Angeles, as were several other of Mr. Flynn's clients with claims against the organization to participate in a "global settlement." After my arrival in LA I was shown a copy of a document entitled "Mutual Release of All Claims and Settlement Agreement," hereinafter referred to as "the settlement agreement," and some other documents, which I was expected to sign.

11. The settlement agreement has now become a public document, and it and its effects are issues in various lawsuits now pending.

12. Upon reading the settlement agreement draft I was shocked and heartsick. I told Mr. Flynn that the condition of "strict confidentiality and silence with respect to [my] experiences with the [organization]" (settlement agreement, para. 7D), since it involved over seventeen years of my life, was impossible. I told him that the "liquidated damages" clause (para. 7D) was outrageous; that pursuant to the settlement agreement I would have to pay $50,000.00 if I told a doctor or psychologist about my experiences from those years, or if I put on a resume what positions I had held during my organization years. I told Mr. Flynn that the requirements of non-amenability to

service of process (para. 7H) and non-cooperation with persons or organizations adverse to the organization (paras. 7G, 10) were obstructive of justice. I told him that I felt that agreeing to leave the organization's appeal of the decision in Armstrong and not respond to any subsequent appeals (para. 4B) was unfair to the courts and all the people who had been helped by the decision. I told Mr. Flynn that an affidavit the organization was demanding that I sign along with the settlement agreement was false. That document, which I do not have, stated, inter alia, that my disagreements with the organization had been with prior management, and not with the then-current leadership. In fact there had been no management change and I had the same disagreements with the organization's "fair game" policies and actions which had continued without change up to the time of the settlement. I told him that I was being asked to betray everything and everyone I had fought for against an organization which was based upon injustice.

13. In answer to my objections to the settlement agreement, Mr. Flynn said that the silence and liquidated damages clauses, and anything which called for obstruction of justice were not worth the paper they were printed on. He said the same thing a number of times and a number of ways; e.g., that I could not contract away my Constitutional rights; that the conditions were unenforceable. He said that he had advised the organization attorneys that those conditions in the settlement agreement were not worth the paper they were printed on, but that the organization, nevertheless, insisted on their inclusion in the settlement agreement and would not agree to any changes. He

pointed out the clauses concerning my release of all claims against the organization to date and its release of all claims against me to date (paras. 1, 4, 5, 6, 8) and said that they were the essential elements of the settlement and were what the organization was paying for.

14. Mr. Flynn also said that everyone was sick of the litigation and wanted to get on with their lives. He said that he was sick of the litigation, the threats to him and his family and wanted out. He said that as a part of the settlement he and all co-counsels had agreed to not become involved in organization-related litigation in the future. He expressed a deep concern that the courts in this country cannot deal with the organization and its lawyers and their contemptuous abuse of the justice system. He said that if I didn't sign the documents all I had to look forward to was more years of harassment and misery. One of Mr. Flynn's other clients, Edward Walters, who was in the room with us during this discussion, yelled at me, accusing me of killing the settlement for everyone, and that everyone else had signed or would sign, and everyone else wanted the settlement. Mr. Flynn said that the organization would only settle with everyone together; otherwise there would be no settlement. He did agree to ask the organization to include a clause in my settlement agreement allowing me to keep my creative works relating to L. Ron Hubbard or the organization (para. 7L).

15. Mr. Flynn said that a major reason for the settlement's "global" form was to give the organization the opportunity to change its combative attitude and behavior by removing the threat he and his clients represented to it. He argued that the

organization's willingness to pay us substantial sums of money, after its agents and attorneys had sworn for years to pay us "not one thin dime" was evidence of a philosophic shift within the organization. I argued that the settlement agreement evidenced the unchanged philosophy of fair game, and that if the organization did not use the opportunity to transform its antisocial nature and actions toward its members, critics and society I would, a few years hence, because of my knowledge of organization fraud and fair game, be again embroiled in its litigation and targeted for extralegal attacks.

16. Regarding the affidavit the organization required that I sign, Mr. Flynn said that the "disagreement with prior management" could be rationalized as being a disagreement with L. Ron Hubbard, and since Mr. Hubbard had died in January 1986 it could be said that I no longer had that disagreement. Mr. Flynn said that the organization's attorneys had promised that the affidavit, which all the settling litigants were signing, would only be used by the organization if I began attacking it after the settlement, and since I had no intention of attacking the organization the affidavit would never see the light of day.

17. During my meeting with Mr. Flynn in Los Angeles I found myself facing a dilemma which I reasoned through in this way. If I refused to sign the settlement agreement and affidavit all the other settling litigants, many of whom had been flown to Los Angeles in anticipation of a settlement, would be extremely disappointed and would continue to be subjected to organization harassment for an unknown period of time. I had been positioned in the settlement drama as a deal-breaker and would undoubtedly

lose the support of some if not all of these litigants, several of whom were key witnesses in my case against the organization. Although I was certain that Mr. Flynn and my other lawyers would not refuse to represent me if I did not sign the documents I also knew that they all would view me as a deal-breaker and they would be as disappointed as the other litigants in not ending the litigation they desperately wanted out of. The prospect of continuing the litigation with unhappy and unwilling attorneys on my side, even though my cross-complaint was set for trial within three months, was distressing. On the other hand, if I signed the documents, all my co-litigants, some of whom I knew to be in financial trouble, would be happy, the stress they felt would be reduced and they could get on with their lives. Mr. Flynn and the other lawyers would be happy and the threat to them and their families would be removed. The organization would have the opportunity they said they desired to clean up their act and start anew. I would have the opportunity to get on with the next phase of my life and the financial wherewithal to do so. I was also not unhappy to at that time not have to testify in all the litigation nor to respond to the media's frequent questions. If the organization continued its fair game practices toward me I knew that I would be left to defend myself and I accepted that fact. So, armed with Mr. Flynn's advice that the conditions I found so offensive in the settlement agreement were not worth the paper they were printed on, and the knowledge that the organization's attorneys were also aware of that legal opinion, I put on a happy face and the following day went through the charade of a videotaped signing.

18. It was my understanding and intention at the time of the settlement that I would honor the silence and confidentiality conditions of the settlement agreement, and that the organization had agreed to do likewise.

19. Following the December 1986 settlement the organization continued its fair game campaign against me in violation of the spirit and letter of the settlement agreement. I detailed the post-settlement violations I knew about in my declaration of March 15, 1990, which was filed in the Court of Appeal as an exhibit to a document entitled "Defendant's Reply to Appellants' Opposition to Petition for Permission to File Response and for Time" and served on the Los Angeles Superior Court on March 24, 1990, and my declaration of December 25, 1990, which was filed in the Court of Appeal as "Defendant's Appendix" to "Defendant's Brief" and served on the Los Angeles Superior Court on December 28, 1990. I request that this Court take Judicial Notice of these declarations and the exhibits thereto as they are part of the record in this case.

20. The organization's violations of the settlement agreement include at least:

a) Use in 1987 of my name and a false and unfavorable description of my organizational experiences in a "dead agent" pack relating to Bent Corydon, pages 11, 12, 18 and 29 from which are attached hereto true and correct copies as Exhibit E;

b) Filing several false affidavits, attached herewith are true and correct copies as Exhibit F (Kenneth David Long's First Affidavit dated October 5, 1987), Exhibit G (Kenneth Long's Second Affidavit dated October 5, 1987), Exhibit H (Kenneth Long's Third Affidavit dated October 5, 1987), Exhibit K (Sheila MacDonald

Chaleff's First Affidavit dated October 5, 1987), Exhibit I (Kenneth Long's Fourth Affidavit dated October 7, 1987), and Exhibit J (Kenneth Long's Fifth Affidavit dated October 8, 1987) in the case of Church of Scientology of California v. Russell Miller and Penguin Books Limited, Case no. 6140 in the High Court of Justice in London England, accusing me of violations of court orders in the Armstrong case, and labeling me "an admitted agent provocateur of the U.S. Federal Government;"

c) Delivering a copy of an edited version of the 1984 illegal videotape of me, a photocopy of the cassette for which showing the business card of organization private investigator Eugene Ingram to the London Sunday Times (see Ex. H of Exhibit 1-GG);

d) Threatening me with lawsuits on six occasions as set forth in my March 15, 1990 and December 25, 1990 declarations of which I have asked the Court to take judicial notice, above;

e) Threatening to release a description of a dream I had had, and which the organization had stolen from a friend of mine, if I did not assist them in preventing Bent Corydon from gaining access to the Armstrong court file;

f) Using my name and a false rendition of the organization's 1984 videotape operation where they attempted to entrap me into the commission of a crime in the Complaint filed in the case of Church of Scientology International v. Xanthos, Case No. 91-4301 SVW filed August 12, 1991 in US District Court, Central District of California (see Exhibit 1-DD at 13:23-14:17);

g) Using the same false rendition of the 1984 "Armstrong Operation," perjurious declarations by organization lawyers and a general attack on my character and truthfulness in various pleadings filed in August 1991 in the case of Aznaran v. Church of Scientology of California, et al, No. CV 88-1786 JMI in U.S. District Court, Central District of California. Exhibit J to Exhibit 1-GG is a true and correct copy of pages 2, 3, 33, and 34 of "Reply in Support of Defendants' Motion for Summary Judgment Based on the Statute of Limitations." Exhibit K to Exhibit 1-GG is a true and correct copy which comprises pages 4, 5, and 6 of "Supplemental Memorandum in Support of Defendants' Motion to Dismiss Complaint with Prejudice." Exhibit L to Exhibit 1-GG is a true and correct copy of pages 2 - 5 and pages 9 and 10 (the declaration of attorney Laurie J. Bartilson dated August 27, 1991) of "Defendants' Opposition to Ex Parte Application to File Plaintiffs' Genuine Statement of Issues [sic] re Defendants' Motions (1) to Exclude Expert Testimony; and (2) for Separate Trial on Issues of Releases and Waivers; Request that Opposition Be Stricken." I have included only a few pages from these documents in the interest of economy, but will file the complete documents if the Court wishes. The organization has included my declaration of September 3, 1991 "Regarding Alleged 'Taint' of Joseph A. Yanny, Esquire", also filed in the Aznaran case in response to its allegations in these pleadings, as Exhibit N to its motion to enforce the settlement which is Exhibit 1-FF.

21. In late 1987 I received a telephone call from a reporter for the London Sunday Times who told me that the organization had delivered to the newspaper a stack of documents concerning me, including materials from the 1984 illegal videotape "Armstrong Operation," and he asked me to comment about them. I was greatly

saddened by this news, but told the reporter only that I considered the organization's action a violation of its agreement with me and I would not comment further.

22. When I was threatened in 1988 with exposure of the stolen dream recitation (see 3-15-90 declaration, para. 40), I considered I was being blackmailed. In the hope that by my example I would deter further such conduct, I did not violate the settlement agreement. I learned this past August 1991 in Johannesburg, South Africa that the organization had given a copy of the dream recitation, which had been specifically sealed in the Armstrong litigation, to its representatives in that country.

23. When I had several times been threatened by organization attorney Larry Heller that I would be sued if I did not obstruct justice as directed by the organization, and when it had become obvious to me that I could not avoid a confrontation with the organization (see 3-15-90 declaration, paras. 4-8, 44) did I respond to defend myself and to correct the injustices created by the settlement agreement and the organization's violations thereof.

25. The first action I took was to file on February 28, 1990 in the California Court of Appeal, Second Appellate District, in the appeal the organization had maintained from the June 20, 1984 decision in Armstrong, a document entitled Respondent's Petition for Permission to File Response and for an Extension of Time to File Response," attached as Exhibit N to Exhibit 1-GG. I did so in part because in my research of my rights following my recognition that I could not avoid involvement I discovered that my agreement to not respond pursuant to the settlement contract

was an obstruction of justice. After the Court of Appeal granted my petition on March 9, 1990, I did thereafter file a respondent's brief. Thereafter, on July 29, 1991 an opinion issued in that appeal upholding the trial court's decision on the merits.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this March 16, 1992, at San Anselmo, California.

Gerald Armstrong

6921

HUBBARD COMMUNICATION
Saint Hill Manor, East Grinstead, Sussex

HCO POLICY LETTER OF 25 FEBRUARY 1966

Remimeo
Exec Sec Hats
HCO Sec Hat
Legal Officer Hat
LRH Comm Hat
Dist Sec Hat
Press Hat
Sec: 5 Dept 3

HCO Div
LRH Comm

ATTACKS ON SCIENTOLOGY
(Additional Pol Ltr)

Anyone proposing an investigation of or an "Enquiry" into Scientology must receive this reply and no other proposal:

"We welcome an investigation into (Mental Healing or whoever is attacking us) as we have begun one ourselves and find shocking evidence."

You can elaborate on the evidence we have found and lay it on thick attacking the attackers only.

NEVER agree to an investigation of Scientology. ONLY agree to an investigation of the attackers.

This was the BIG error made in Victoria. I okayed an Enquiry into all mental healing. I ordered evidence on psychiatric murders to be collected. Non-Compliance with these orders brought on the loss of Melbourne and the law in Victoria against Scientology. This was the non-compliance that began it. The original order I gave was relayed as "we welcome an Enquiry into Scientology...." or it was changed to that in Melbourne.

This is correct procedure:

(1) Spot who is attacking us.

(2) Start investigating them promptly for FELONIES or worse using our own professionals, not outside agencies.

(3) Double curve our reply by saying we welcome an investigation of them.

(4) Start feeding lurid, blood, sex, crime actual evidence on the attackers to the press.

Don't ever tamely submit to an investigation of us. Make it rough, rough on attackers all the way.

You can get "reasonable about it" and lose. Sure we break no laws. Sure we have nothing to hide. BUT attackers are simply an anti-Scientology propaganda agency so far as we are concerned. They have proven they want no facts and will only lie no matter what they discover. So BANISH all ideas that any fair hearing is intended and start our attack with their first breath. Never wait. Never talk about us - only them. Use their blood, sex, crime to get headlines. Don't use us.

I speak from 15 years of experience in this. There has never yet been an attacker who was not reeking with crime. All we had to do was look for it and murder would come out.

They fear our Meter. They fear freedom. They fear the way we are growing. Why?

Because they have too much to hide.

When you use that rationale you win. When you go dishwater and say, "We honest chickens just plain love to have you in the coup, Brer Fox," we get clobbered. The right response is "We militant public defenders of the freedom of the people want that Fox investigated for eating living chickens." Shift the spotlight to them. No matter how, Do it!

You can elaborate on the formula. Let's say some other branch of government wants to investigate us via the press. Just apply the formula.

EXHIBIT 3 PAGE 84 L. 372

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"we welcome a public enquiry into (that branch activity) as we have begun to investigate their (----)." It will always work. It would have worked on the U.S. F.D.A. when they first began five years ... their raid on D.C. They run! And that's all we want.

HOW TO STOP ATTACKS

The way we will eventually stop all attacks from there on out is by processing the society as follows:

(1) Locate a source of attack on us.

(2) Investigate it.

(3) Expose it with wide lurid publicity.

You see the same thing in a preclear. He has a rotten spot in his behaviour. He attacks the practitioner. The spot is located on a meter. It blows and the preclear relaxes.

Well this is just what is happening in the society. We are a practitioner to the society. It has rotten spots in it. Those show up in attacks on us. We investigate and expose - the attack ceases.

We use investigators instead of E-Meters. We use newspapers instead of auditor reports. But it's the same problem exactly.

So long as we neglect our role as auditor-to-the-society we will be attacked.

Society is pretty crazy. It's a raw jungle. So it will take a lot of work. We must be willing to put in that work as a group or we'll be knocked about.

Remember, CHURCHES ARE LOOKED UPON AS REFORM GROUPS.

Therefore we must act like a reform group.

The way to seize the initiative is to use our own professionals to investigate intensively parts of the society that may attack us. Get an ammunition locker full. Be sure of our facts. And then expose via the press.

If we do this right, press, instead of trying to invent reasons to attack us will start hanging around waiting for our next lurid scoop.

We must convert from an attacked group to a reform group that attacks rotten spots in the society. We should not limit ourselves to mental healing or our own line. We should look for zones to investigate and blow the lid off and become known as a mighty reform group. We object to slavery, oppression, torture, murder, perversion, crime, political sin and anything that makes Man unfree.

The only error we can make is disperse our investigation. We do a preliminary look, then we must select a target and investigate it until we have the cold facts and then BANG, fire the salvo.

Don't worry about libel if our facts indicate rottenness. The last thing that target will do is sue as then we would have a chance to prove it in court, which they are terrified of our doing.

Remember - the only reason we are in trouble with the press or governments is that we are not searching out and exposing rotten spots in the society. We must practice on the whole group called society. If we do not it will attack us just as a preclear will attack a Scientologist that won't audit him.

To get wholly over to cause we must select targets, investigate and expose before they attack us.

We have at this writing a long way to go. But we might as well

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start somewhere. Begin by investigating any attacking group, find and expose the dead bodies, then work on to our solutions, the tapes.

And that will handle it all.

L. RON HUBBARD

LRH:nl:ldm
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6924

MAGAZINE ARTICLES ON
LEVEL
O
CHECKSHEET

BY L.RON HUBBARD

THE AMERICAN ST. HILL ORGANIZATION

6925

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THE E-METER IS NOT INTENDED OR EFFECTIVE FOR THE
DIAGNOSIS, TREATMENT OR PREVENTION OF ANY DISEASE

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Dissemination of Material

The dissemination of materials of Scientology is a problem of comparable stature to the use of techniques on a preclear in an auditing session. Just as you would not process a preclear with heavy processes when all he could take might be ARC Straight Wire, thus you would not issue Scientology materials of considerable weight to people incapable of assimilating them.

The immediate result of the issuance of materials not intended for that audience is to produce a state of confusion in the minds of that audience regarding Scientology. Here we have no question of talking down to people. Here we have no question of 'watering' our material, but we do have a question of disseminating Scientology. If we do it properly, then Scientology will be very broadly known. If we do it improperly it will stop in its tracks, and be known, if at all, as a confusion.

When materials are issued above the acceptance level of an audience, a confusion results. A confusion is the antithesis of a flow. Any communication resulting in a confusion then brings about an eddy or tumbling of particles rather than their spread. And a confusion at length becomes a mystery.

Part ten of the Code of a Scientologist says: "I pledge myself to engage in no unseemly disputes with the uninformed on the subject of my profession." This is an immediate injunction not to start an eddy of confusion. The employment of Scientology to the greatest good of the greatest number of Dynamics does not include using it knowingly or unknowingly to confuse hearers.

An outline of the communication lines of Scientology follows:

1. The General public to the general public.
2. Scientologists to the general public.
3. Member HASI to member HASI.
4. Trained Scientologist to a member of the HASI.
5. Member of the HASI to a preclear.
6. Trained Scientologist to a preclear.
7. Trained Scientologist to a trained Scientologist.
8. HASI to membership.
9. HASI to trained Scientologist.
10. HASI to the general public

1. GENERAL PUBLIC TO THE GENERAL PUBLIC

There are several things we would like the general public to say to the general public about Scientology. The first of these is that we would like the general public, when it sees an individual or group problem, to be quite certain that the proper thing to do is for that individual or group to consult a Scientologist. For instance, if somebody is having headaches, we would like his friends to come to the obvious solution that this person should see a Scientologist or should join a group undergoing processing.

The next on this communication line is that Scientology does not pose any threat, that Scientologists are good citizens, and that they can be trusted with problems of a private and confidential nature, or with problems dangerous to other people, such as the problem of criminality. Another frame of mind we would like to see the public have and register is that people attacking Scientologists have something wrong with them (and if you could meet any such people personally you would see that this is no more than truth). As a subdivision of this, the actual substance of communication about what Scientology is, from the general public to the general public, should be that Scientology says that good health and immortality are attainable. That it is something compounded out of all Man knows of the subject of Man, and that people are living units operating bodies, rather than bodies, and that this living unit is the human soul. Given this much communication line, the general public can embroider enormously, and unless a person in the general public can express his opinions, and unless the subject gives him a chance to express his own opinions, and so let HIM be interestING, he will not talk about the subject. Thus the data in the general public should give individuals a chance to be interesting, by knowing no more and no less than the above. We are not interested in sensationalism personalities, or the complexity of Scientological methodology being discussed by the general public. As a subdivision of this, we do not want Scientology to be reported in the press, anywhere else than on the religious page of newspapers. It is destructive of word of mouth to permit the public presses to express their biassed and badly reported sensationalism. Therefore we should be very alert to sue for slander at the slightest chance so as to discourage the public presses from mentioning Scientology. What the newspapers say is not word of mouth. As an example of this, how many minutes today have you spent in discussing current events? NEWSPAPER REPORTERS WRITING ARTICLES ON SCIENTOLOGY DO NOT EXPRESS SCIENTOLOGY. Scientologists should never let themselves be interviewed by the press. That's experience talking!

As a subdivision of general public to general public we have the problem of the professions which might consider Scientology to be antipathetic to them, amongst these would be psychologists and medical doctors as well as psychiatrists. These persons are entirely in error when they express the opinion that Scientologists are against them. Scientology does not consider them sufficiently important to be against. Flour-pills or any incantation or system will produce in 22 per cent. of the public, benefit. Therefore, any practice or art can always achieve 22 per cent. recovery in their patients. It is when we better this 22 per cent. that we are being efficient. We have no more quarrel with a psychologist than we would have with an Australian witch-doctor. We have no quarrel with a pychiatrist any more than we should quarrel with a barbarian because he had never heard of nuclear physics. And as for the medical doctor, we know very well that modern medical practice, having lately outgrown phlebotomy, has come of age to point where it can regulate structure in a most remarkable and admirable way. In Scientology we believe a medical doctor definitely has his role in a society just as an engineer has his role in civil government. We believe that a medical doctor should perform emergency operations such as those made necessary by accidents; that he should perform orthopaedics; that he should deliver babies; that he should have charge of the administration of drugs; that his use of antibiotics is beneficial; and that wherever he immediately and curatively addresses structure he is of use in a community. The only place we would limit a medical doctor is in the field of treatment of psychosomatic medicine, where he has admittedly and continuously failed, and the only thing we would ask a medical doctor to change about his practice is to stop taking money for things he knows he cannot cure, i.e., spiritual, mental, psychosomatic, and social ills.

With regard to psychologists, medical doctors, and psychiatrists, then, what would one say in talking with them? But again we have section 10 of the Code of the Scientologist. You wouldn't expect this psychologist, or phychiatrist, or medical doctor to get into an argument with you on how to get rats or find their way through mazes, how you would set a tibia, or what voltage you would put on an electric shock machine. Therefore, and equally, do not permit yourself to be put in the situation where you are discussing privately or in public, the methodologies of your wisdom. The attitude of a Scientologist toward people is these professions should be: "I have my techniques. It took me a long time to learn them just as it took you a long time to learn yours, and I am not going to try to make a minister out of you, and you are not going to try to make a medical doctor (psychiatrist, psychologist) out of me. I am an expert instructor only where it is intimately involved with the human spirit. I can produce my effects. You can produce yours. In view of the fact that you do not pretend to operate in the field of the human spirit, and I do not pretend to operate in the field of structure, I do not see how there can be any discussion. But things that I can't handle in structure when called upon I will be very happy to refer to you, and I shall expect that when matters of the spirit come into question you will have enough understanding of life, where we are all specialists, to refer them to me" A quiet explanation of this character will do a great deal to place you as a professional man in their realm of understanding of professional men.

Should anyone challenge you for having suddenly secured a relief in a hospital or an institution from some dire malady which balked the efforts of the professional men in charge of it, and should you ever be "called upon the carpet" for having "interfered" with the progress of a case, you should be extremely dismayed, and act it, to find yourself in the presence of barbarians who do not believe in the power of prayer, in the will of God, or the promises of Jesus Christ. And you should point out that, whereas the body was in their keeping, they did not at any time care to take purview of the human soul. And if anything has occurred because the soul, in your province, then reacted upon the body, you believe that they are unwilling to admit the will of God in their treatment of human beings, and if this is the case you now, while you are being addressed by such people, discover yourself to be in a strange place where men pretending to be Christians doubt God, the Son of God, and the power of prayer. Your entire address to such people, in such a situation, publicly or privately, should be entirely overt, accusative, and not at any time apologetic. And you should immediately make it your business to place this matter before the proper authorities, that people are in charge of an institution here, are not Christians, and do not believe in God, and you should inform your accusers that you are going to do so.

Should you ever be arrested for practicing Scientology, treating people, make very sure, long before the time comes, that you have never used drugs or surgery, and that you have never prescribed a diet, or vitamins, and when that time might come, make very sure that you immediately and instantly, within two or three hours after your receipt of the warrant, have served upon the signer of that warrant, a personal civil suit for $100,000.00 damages for having caused the arrest of a Man of God going about his business in his proper profession, and for having brought about embarrassing publicity and molestation. Place the suit and WIRE THE HASI IMMEDIATELY. Make the whole interest during the entire time of such an unfortunate occurrence the fact that the signer of such a warrant, who would ordinarily be a medical doctor in charge of the medical department of some city, had dared fly in the teeth of religion. And use what is necessary of the earlier passage above to drive the point home. DO NOT simply fall back out of communication if you are attacked, but attack, much more forcefully and artfully and arduously. And if you are foolish enough to have an attorney who tells you not to sue, immediately dismiss him and get an attorney who will sue. Or, if no attorney will sue, simply have an HASI suit form filled out and present it yourself to the county clerk in the court of the area in which your case has come up.

IN ALL SUCH CASES OR ARREST FOR THE PRACTICE OF SCIENTOLOGY, THE HASI WILL SEND A REPRESENTATIVE AT ONCE, BUT DO NOT WAIT FOR HIS ARRIVAL TO PLACE THIS SUIT. THE SUIT MUST ALREADY HAVE BEEN FILED WHEN THE HASI ATTORNEY ARRIVES.

In other words, do not, at any moment leave this act unpunished, for, if you do you are harming all other Scientologists in the area. When you are attacked it is your responsibility then to secure from further attack not only yourself but all those who work with you. Cause blue flame to dance on the court house roof until everybody has apologized profusely for having dared to become so adventurous as to arrest a Scientologist who, as a minister of the church, was going about his regular duties. As far as the advances of attorneys go that you should not sue, that you should not attack, be aware of the fact that I, myself, in Wicnita, Kansas, had the rather interesting experience of discovering that my attorney employed by me and paid by me, had been for some three months in the employ of the people who were attacking me, and that this attorney had collected some insignificant sum of money after I hired him, by going over to the enemy and acting upon their advices. This actually occurred, so beware of attorneys who tell you not to sue. And I call to your attention the situation of any besieged fortress. If that fortress does not make sallies, does not send forth patrols to attack and harass, and does not utilize itself to make the beseiging of it a highly dangerous occupation, that fortress may, and most often does, fall.

The DEFENSE of anything is UNTENABLE. The only way to defend anything is to ATTACK, and if you ever forget that, then you will lose every battle you are ever engaged in, whether it is in terms of personal conversation, public debate, or a court of law. NEVER BE INTERESTED IN CHARGES. DO, yourself, much MORE CHARGING, and you will WIN. And the public, seeing that you won, will then have a communication line to the effect that Scientlogists WIN. Don't ever let them have any other thought than that Scientology takes all of its objectives.

Another point directly in the interest of keeping the general public to the general public communication line in good odor: it is vitally important that a Scientologist put into action and overtly keep in action Article 4 of the Cole: "I pledge myself to punish to the fullest extent of my power anyone misusing or degrading Scientology to harmful ends." The only way you can guarantee that Scientology will not be degraded or misused is to make sure that only those who are trained in it practice it. If you find somebody practicing Scientology who is not qualified, you should give them an opportunity to be formally trained, at their expense, so that they will not abuse and degrade the subject. And you would not take as any substitute for formal training any amount of study.

You would therefore delegate to members of the HASI who are not otherwise certified only those processes mentioned below, and would discourage them from using any other processes. More particularly, if you discovered that some group calling itself "precept processing" had set up and established a series of meetings in your area, that you would do all you could to make things interesting for them. In view of the fact that the HASI holds the copyrights for all such material, and that a scientific organization of material can be copyrighted and is therefore owned, the least that could be done to such an area is the placement of a suit against them for using materials of Scientology without authority. Only a member of the HASI or a member of one of the churches affiliated with the HASI has the authority to use this information. The purpose of the suit is to harass and discourage rather than to win.

The law can be used very easily to harass, and enough harassment on somebody who is simply on the thin edge anyway, well knowing that he is not authorized, will generally be sufficient to cause his professional decease. If possible, of course, ruin him utterly.

A D.Scn. has the power to revoke a certificate below the level of D.Scn. but not a D.Scn. However, he can even recommend to the *CECS of the HASI that D.Scns. be revoked, and so any sincere Scientologist is capable of policing Scientology. This is again all in the interest of keeping the public with a good opinion of Scientology, since bad group processing and bad auditing are worse than bad publicity and are the worst thing that can happen to the general public to general public communication line.

The best thing that can happen to it is good auditing, good public presentation, and a sincere approach on the subject of Scientology itself. Remember, we are interested in ALL treatment being beneficial, whether it is Scientology or not. For bad treatment in any line lowers the public opinion of all treatment.

In addressing persons professionally interested in the ministry, we have another interesting problem in public presentation. We should not engage in religious discussions. In the first place, as Scientologists, we are gnostics, which is to say that we know what we know. People in the ministry ordinarily suppose that knowingness and knowledge are elsewhere resident than in themselves. They believe in belief and substitute belief for wisdom. This makes Scientology no less a religion, but makes it a religion with an older tradition and puts it on an intellectual plane.

Religious philosophy, then, as represented by Scientology, would be opposed in such a discussion to religious practice. We are all-denominational rather than non-denominational, and so we should be perfectly willing to include in our ranks a Moslem, or a Taoist, as well as any Protestant or Catholic, while people of the ministry in Western civilization, unless they are evangelists, are usually dedicated severely to some faction which in itself is in violent argument with many other similar factions. Thus these people are ready to argue and are practiced in argument, and there are more interpretations of one line of scripture than there are sunbeams in a day. Beyond explaining one's all-denominational character, explaining that one holds the Bible as a holy work, one should recognize that the clergy of Western Protestant churches defines a minister or the standing

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*Committee for Examinations, Certification and Services.

of a church by these salient facts: Jesus Christ was the Savior of Mankind, Jesus Christ was the Son of God.

We in Scientology find no argument with this, and so in discussing Scientology with other ministry one should advance these two points somewhere in the conversation. Additionally, one should advance to the ministry exactly those things mentioned earlier as what we would like the general public to believe. Christ, if you care to study the New Testament, instructed his disciples to bring wisdom and good health to man, and promised mankind immortality, and said the Kingdom of Heaven was at hand, and the translators have not added that "at hand" possibly meant three feet back of your head. We could bring up these points but there is no reason to. You are not trying to educate other ministry. A friendly attitude toward other ministry in general, and fellow ministers in particular, is necessary.

The way to handle an individual minister of some other church is as follows: get him to tell you exactly what HE believes, get him to agree that religious freedom is desirable, then tell him to make sure that if that's the way he believes, he should keep on believing that, and that you would do anything to defend his right to believe that.

None of these people as individuals are antipathetic. They know a great deal about public presence, and can be respected for such knowledge. However, engaging in long discourses, or trying to educate a minister of some Protestant church or a priest of the Catholic faith into the tenets of Scientology is not desirable and is directly contrary to Article 10 of the Code of a Scientologist.

You will find you have many problems and people in common with other ministers. They're alive too. Also you will see a campaign to place only ministers in charge of the mind, and mental healing. Talk about these things.

The Christian Church has been hurt by factionalism. We stand for peace and happiness. Therefore, let us carry it forward by example, not by unseemly discussions.

2. SCIENTOLOGISTS TO THE GENERAL PUBLIC

In the assemblage of congregations, and in addressing the general public at large, a Scientologist has a responsibility to give to the public, in the form of such congregations or meetings, information acceptable to them, which can be understood by them, and which will send them away with the impression that the Scientologist who addressed them knew definitely what he was talking about and that Scientology is an unconfused, clear-cut subject.

6934X

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

Remimeo

HCO POLICY LETTER OF 18 OCTOBER 1967
Issue IV

PENALTIES FOR LOWER CONDITIONS
(Applies both Orgs and Sea Org)

LIABILITY - Suspension of Pay and a dirty grey rag on left arm and day and night confinement to org premises.

TREASON - Suspension of pay and deprivation of all uniforms and insignia, a black mark on left cheek and confinement on org premises or dismissal from post and debarment from premises.

DOUBT - Debarment from premises. Not to be employed. Payment of fine amounting to any sum may have cost org. Not to be trained or processed. Not to be communicated or argued with.

ENEMY - SP Order. Fair game. May be deprived of property or injured by any means by any Scientologist without any discipline of the Scientologist. May be tricked, sued or lied to or destroyed.

LRH:jp
Copyright c 1967
by L. Ron Hubbard
ALL RIGHTS RESERVED

L. RON HUBBARD
Founder

X

SETTLEMENT AGREEMENT

A. PRIOR SETTLEMENTS:

Settlement agreements made prior to November 1, 1986 and prior to the collective settlement stated below:

	Client	Amount	Fee and Expenses
(1)	Bears	$115,000.00	To be determined with local counsel
(2)	Garritys	$175,000.00	To be determined with local counsel
(3)	Petersons	$175,000.00	To be determined with local counsel
(4)	Jefferson	$150,000.00	To be determined with local counsel
(5)	Lockwood	$150,000.00	To be determined with local counsel
(6)	Hartwell	$150,000.00	To be determined with local counsel
		$915,000.00	To be determined with local counsel

B. INDEPENDENT SETTLEMENT:

The Christofferson-Titchborne settlement was made separate from the collective settlement. It was agreed to between attorney Gary McMurray, his client, Julie Christofferson-Titchborne and the Church of Scientology.

Client	Amount	Fee and Expenses
Christofferson-Titchborne	$100,000.00	To be determined by attorney McMurray and client. None of the attorneys representing other clients in the collective settlement represent or have represented Christofferson-Titchborne.

C. COLLECTIVE SETTLEMENT:

The following cases/clients are part of a collective settlement made on December ___, 1986. The undersigned acknowledge that the settlement set forth above in Paragraphs A and B were made as separate settlements, meaning that the cases/clients listed in Paragraphs A and B agreed to the amounts stated therein prior to the collective settlement as in Paragraph A, and independent from the collective settlement as in Paragraph B. The total amount of the collective settlement is $2,800,000.00. The total amount of the collective settlement and the prior independent settlements in Paragraphs A and B is $3,815,000.00. The collective settlement allocation is as follows:

Client	Amount	Fee and Expenses
(1) Nancy Dincalci	$ 7,500.00	None
(2) Kima Douglas	$ 7,500.00	None

(3)	Robert Dardano	$ 15,000.00	None
(4)	Warren Friske	$ 15,000.00	None
(5)	William Franks	$ 40,000.00	None
(6)	Laurel Sullivan	$ 40,000.00	None
(7)	Edward Walters	$100,000.00	To be determined between client and attorneys
(8)	Howard Schomer	$200,000.00	To be determined between attorney Bunch and client
(9)	Martin Samuels	$500,000.00	To be determined between attorney McMurray and client
(10)	Gerald Armstrong v. Church of Scientology	$800,000.00	To be determined between attorney Bunch and client
(11)	Fees and expenses to attorneys Contos & Bunch, Robert Kilbourne, Michael Flynn, and associated counsel for the prosecution and defense of various cases including the "Hubbard documents" case, the "check-frame up" case and the defense of approximately 17 lawsuits against attorney Flynn and his clients.	$500,000.00	To be determined between attorneys Contos & Bunch, Michael Flynn, Robert Kilbourne, and associated counsel
(12)	Flynn v. Ingram (No: ____________) Flynn v. Hubbard (No. ____________)	$575,000.00	To be determined between attorney Flynn and his counsel
		$2,800,000.00	

We, the undersigned, agree and acknowledge that (1) we have read the foregoing Settlement Agreement; (2) that we agree with the total settlement amount and the allocations to the respective cases/clients as set forth therein; (3) that we have either consulted, been advised to consult or have had the opportunity to consult with attorneys other than Michael J. Flynn who, we acknowledge is also a claimant against the Church of Scientology and L. Ron Hubbard; (4) that we agree to maintain the confidentiality of this Settlement Agreement; (5) that we acknowledge that many of the cases/clients involved in this settlement have been in litigation against the Church of Scientology for more than six to seven years, that many have been subjected to intense, and prolonged harassment by the Church of Scientology throughout the litigation, and that the value of the respective claims stated therein is measured in part by the (a) length and degree of harassment; (b) length and degree of involvement in the litigation; (c) the individual nature of each respective claim in connection with either their involvement with the Church of Scientology as a member and/or as a litigant; (d) the unique value of each case/client based on a variety of things including, but not limited to, the current procedural posture of a case, specific facts unique to each case, and financial, emotional or consequential damage in each case; that we agree and acknowledge that Michael J. Flynn has primarily been responsible for bearing the cost of the litigation over a period of approximately seven years, that he or his firm's members have been required to defend approximately 17 lawsuits and/or civil/criminal contempt actions instituted by the Church of Scientology against him, his associates and clients, that he and his family have been subjected to intense and prolonged harassment, and that his claims against the Church of Scientology and L. Ron Hubbard, and his participation as an attorney have a unique value which is accurately and properly reflected in the allocations set forth herein.

________________________ DATE: __________________
NANCY DINCALCI

________________________ DATE: __________________
KIMA DOUGLAS

________________________ DATE: __________________
ROBERT DARDANO

________________________ DATE: __________________
WARREN FRISKE

________________________ DATE: __________________
LAUREL SULLIVAN

WILLIAM FRANKS　　DATE: ______________

EDWARD WALTERS　　DATE: ______________

HOWARD SCHOMER　　DATE: ______________

MARTIN SAMUELS　　DATE: ______________

GERALD ARMSTRONG　　DATE: ______________

MICHAEL J. FLYNN　　DATE: ______________

CONTOS & BUNCH
A PROFESSIONAL CORPORATION

By: ______________　　DATE: ______________
BRUCE M. BUNCH

GARY MC MURRAY　　DATE: ______________

ROBERT KILBOURNE　　DATE: ______________

3:3:17

EUGENE M. INGRAM
INGRAM INVESTIGATIONS
California License Number AA9387
1212 North Vermont Avenue
Los Angeles, California 90029

November 7, 1984

6941

To: EUGENE M. INGRAM, PRIVATE INVESTIGATOR

From: PHILLIP RODRIGUEZ, POLICE OFFICER, NORTHEAST DIVISION, CITY OF LOS ANGELES

I hereby direct EUGENE M. INGRAM and his employees/agents or other persons acting under his direction, to intentionally and without the consent of all parties to a confidential communication, by means of any electronic amplifying or recording device, eavesdrop upon or record such confidential communication, whether such communication is carried on among such parties in the presence of one another or by means of a telegraph, telephone or other device, for the period November 7, 1984 thru November 14, 1984; provided however, that if recordings are accomplished on any day during the above period, EUGENE M. INGRAM is to report the results to me for further direction by me.

This authorization shall specifically pertain to the investigation of GERRY ARMSTONG, MICHAEL J. FLYNN, AND OTHERS NOT KNOWN AT THIS TIME, regarding possible criminal violations of, but not limited to, California Penal Code §664 (Attempts), §134 (Preparing False Documentary Evidence), §182 (Conspiracy) and/or any other violations of criminal laws.

This authorization is in compliance with California Penal Code §633.

Signed in Los Angeles, California, on November 7, 1984.

OFFICER PHILLIP RODRIGUEZ
SERIAL NUMBER 16924
LOS ANGELES POLICE DEPARTMENT

EXHIBIT "A"

6942

April 23, 1985

PUBLIC ANNOUNCEMENT
BY
DARYL F. GATES
CHIEF OF POLICE, LOS ANGELES

It has come to my attention that a member of the L. A. P. D. very foolishly, without proper authorization and contrary to the policy of this Department, signed a letter to Eugene M. Ingram, believed to have been drafted by Ingram himself. The letter purports to authorize Ingram to engage in electronic eavesdropping. The letter, along with all the purported authorization, is invalid and is NOT a correspondence from the Los Angeles Police Department.

The Los Angeles Police Department has not cooperated with Eugene Ingram. It will be a cold day in hell when we do.

I have directed an official letter to Ingram informing him that the letter signed by Officer Phillip Rodriguez dated November 7, 1984, and all other letters of purported authorizations directed to him, signed by any member of the Los Angeles Police Department, are invalid and unauthorized.

Internal Affairs Division is now investigating the entire incident.

THIS IS TO CERTIFY THAT I HAVE EXAMINED THE ORIGINAL OF THIS DOCUMENT AND FIND THIS REPRODUCTION TO BE A TRUE COPY OF SAME, MADE WITHOUT ALTERATIONS OR ERASURES.

By Sgt E Hernandez 14828
RECORDS & IDENTIFICATION DIVISION
LOS ANGELES POLICE DEPARTMENT

Dated: 5-16-85

6943

OFFICE OF THE DISTRICT ATTORNEY
COUNTY OF LOS ANGELES
SPECIAL INVESTIGATIONS DIVISION
18000 CRIMINAL COURTS BUILDING
210 WEST TEMPLE STREET
LOS ANGELES CALIFORNIA 90012 - 3275
(213) 974-7437

REINER, DISTRICT ATTORNEY

April 25, 1986

Rev. Ken Hoden
Rev. Kathleen Gorgon
Rev. Heber Jentzsch
Mr. John Peterson
Mr. David Butterworth
Church of Scientology
1301 N. Catalina
Los Angeles, California 90012

Gentlemen:

In re S.I.D. CASE NO. C85-0054

In your letters dated May 1 and July 19, 1985, you asked that this office investigate your allegations that:

1. Chief Daryl Gates of the Los Angeles Police Department, Agents Al Lipkin and Al Ristuccia of the Internal Revenue Service, Gerald Armstrong, and Michael Flynn have committed the crime of conspiracy to obstruct justice.

2. Internal Revenue Service Agents Al Lipkin and Al Ristuccia additionally "aided and directed" the commission by Gerald Armstrong of violations of Penal Code Sections 182 (Conspiracy), 134 (Preparing False Evidence), and 653f (Solicitation of the commission of certain crimes).

3. Gerald Armstrong additionally prepared false documentary evidence in violation of Penal Code Section 134; committed extortion in violation of Penal Code Section 518; and solicited commission of the crimes of burglary, receiving stolen property, and forgery, in violation of Penal Code Section 653f.

4. Michael Flynn additionally aided Gerald Armstrong in his violations of Penal Code Section 182, conspiracy, and Penal Code Section 653f, solicitation of burglary, receiving stolen property, and forgery.

Following his receipt of your letters, Steven A. Sowders, Head of the Special Investigations Division, met personally with Rev. Jentzsch and Rev. Hoden to discuss your complaint. I have since reviewed the voluminous materials you submitted in support of your charges, and I have spoken at length on the telephone and in person with church members John Peterson and David Butterworth. In our several conversations, I informed both Mr. Butterworth and Mr. Peterson that in order intelligently to evaluate the Church of Scientology's allegations, I would need further information. In addition to the documents already provided, I asked them to provide me with:

(1) A complete description of the events to which the submitted documents relate, including:
  (a) the time, date, and place of each event;
  (b) the names of all persons present;
  (c) the circumstances in which the event occurred;
  (d) the name of each speaker and identifying information about him.

(2) A description of the manner in which the recording or other source information was obtained.

(3) A statement from the person who obtained the recording or other data, identifying him, describing the manner in which he obtained it, and setting forth the manner in which he could authenticate any recording and any transcript involved.

(4) An explanation of the relevance of the conversations and other materials cited to the allegations of criminal conduct.

I further requested that they furnish any other evidence they might have in support of the Church of Scientology's allegations. I particularly requested documentation setting forth the specific facts in support of the allegations recited above. I asked that they provide the date, time, and place of each alleged event, and the name, address, and telephone number of each witness.

In response, I received from Mr. John Peterson a letter dated September 27, 1985, which letter I discussed on October 3, 1985, with Mr. Butterworth. Thereafter, following many attempts on my part to schedule a meeting with either Mr. Peterson or Mr. Butterworth or both of them, on December 10, 1985, they came to my office and conferred with Investigator Alan Tomich and me.

In that meeting, I reiterated my need to know the date, time, and place of each alleged event, and the name, address, and telephone number of each witness. I further asked whether the Church of Scientology had any additional evidence in support of its allegations. Messrs. Peterson and Butterworth responded that they had submitted to this office all the evidence that they had.

I explained to them that, in order to decide whether a prosecutable crime had been committed, we had to interview those persons who had observed the events that were alleged to constitute the criminal conduct; and that in order to interview those persons we needed to know who they were and where we could find them. In response, Mr. Peterson repeated the suggestion he made in his letter of September 27, 1985, that we interview Eugene Ingram, who had videotaped certain events which, Mr. Peterson said, were the basis of his allegations. He declined, however, to identify, beyond the name "Joey," the persons other than Gerald Armstrong who appear on the tapes.

It was my understanding that Messrs. Peterson and Butterworth intended to review the matter and that they would subsequently forward the requested witness information to me. Their response was a letter dated December 15, 1985, which contained a witness list comprised of the names of the persons the Church of Scientology has accused plus another I.R.S. agent and two police officers. He furnished no further information.

I responded to Mr. Peterson in a letter dated January 16, 1986, in which I summarized our December 10 meeting. In it, I also asked Mr. Peterson to permit Investigator Tomich to interview Mr. Eugene Ingram (whom Mr. Peterson, as an attorney, apparently represents), and I again requested that Mr. Peterson supply us with the information outlined above.

In response, I received from Mr. Peterson a letter dated March 18, 1986. In it, he denied that he and Mr. Butterworth had intended, after the December 10 meeting, to provide further information, and he declared that we had received all the data he felt we needed.

It appears, then, that no further evidence in support of your allegations is forthcoming; and based on Mr. Peterson's statement on December 10, 1985, that I had understood and accurately summarized the evidence the Church of Scientology had submitted, it appears that the assertions of fact described below constitute in its entirety the evidence in support of your allegations of criminal conduct.

Allegation 1:

That Chief Daryl Gates conspired to obstruct justice.

Evidence:

The allegation of "planting a 'wire tap' on Michael Flynn" was referred to Chief Gates[1] by Assistant City Attorney Lewis N. Unger on April 17, 1985.[2] On April 23, 1985, Chief Gates publicly rebuked Officer Phillip Rodriguez and Investigator Eugene Ingram for video taping Gerald Armstrong. Within hours, Investigators Lipkin and Ristuccia were seen, apparently by Rev. Heber Jentzch,[3] leaving Parker Center. There has allegedly been no effort to do anything about "Mr. Armstrong's crimes."[4] Chief Gates also initiated an investigation "into the police officer and private investigator" (July 19 letter, p. 6).

Allegation 2:

That Internal Revenue Service Agents Al Lipkin and Al Ristuccia conspired with Gates, Armstrong, and Flynn to obstruct justice and that they "aided and directed" Gerald Armstrong in the commission of violations of Penal Code Sections 182, 134, and 653f.

Evidence:

John G. Peterson declared under penalty of perjury[5] that "Armstrong showed he was being used by the Internal Revenue Service to gather information." In support of that declaration, Mr. Peterson included "excerpts from the videotape" which indicated that "GA" mentioned Al Ristuccia and gave Al Lipkin's telephone number to "J".

Agents Lipkin and Ristuccia visited Officer Phillip Rodriguez and allegedly attempted to "strong arm" him. Agents Lipkin and Ristuccia stated that, on April 18, 1985, they interviewed Rodriguez, who admitted signing an authorization letter. The agents considered Rodriguez evasive and sought police assistance in obtaining his cooperation. The agents were seen leaving Parker Center on April 23, 1985.[6]

Armstrong told "J" that he had told Lipkin some people might want to talk to him,[7] and that he had told Lipkin to go after Peterson.

Allegation 3:

That Gerald Armstrong conspired with Michael Flynnn, Daryl Gates, Al Lipkin, and Al Ristuccia to obstruct justice; prepared false documentary evidence; committed extortion; and solicited the commission of the crimes of burglary (Penal Code Section 459), receiving stolen property (Penal Code Section 496), and forgery (Penal Code Section 470), in violation of Penal Code Section 653f.

Evidence:

John Peterson declared that Armstrong conspired with a "church... staff member," was "used by...the Internal Revenue Service to gather information," "explained to the conspirators plans for attacking the church...and...Hubbard," and had a videotaped conversation with "J" which demonstrates his involvement with the government.[9]

"GA" told "J" to type the completed staff work on the policy and bring it in, that "issues can be created," but he was "not really saying create incrimination (sic) evidence...but just to write about the speculation." He also said, "They can never tell where the issue came from." He wanted the lawsuits to end so that he could get his "global settlement."[10]

Armstrong told "J" about a "good-looker" named Carol. He said "the way to the man's mind is through his cock" and "that's definitely the way to get to the top." He wrote a note which reads in part, "Establish available route for holding the cock of someone in ASI/WDC/etc."[11]

Armstrong allegedly wrote and handed over to someone on November 9, 1984, a "shopping list" of information which he asked a "church member to purloin." "GA" told "J" "something should be done so that they can capitalize on getting stuff...into writing and...unstabilizing the whole PI, attorney apparatus." He asked if "J" could get money to Peterson and told "J" to check the finance records. He said, "if we can get anything on Ingram (or) Peterson (or) finance records (or) other PI's (or) operation 'X'..., it's all vital."

Armstrong asked for specifics on payments to Ingram, and told "J" he should find what payments went to attorneys.

The handwritten list read in part, "1. Plan on Van Schaick...4. Anything on Hubbard or Don/ 5. Anything on upcoming legal battle... 8. Get me an original of an LRH Ed (current) or other issue type which could be from Hubbard. 8a. Same for WDC. Create one, get it distributed and get an assessment. Any partial that gives UP or ORG."[12]

He also told "J" he had given one "fanatic" document "to the Feds" and was giving them another.[13]

Armstrong told "J" on November 9, 1984, that he could type "things and duplicate them and make them look exactly the same" and that "we could set up a press and...produce issues...." He thought, "shouldn't I get some I HELP materials (?)". He wanted to know "how they're run off, what the type face is like..., - because we can simply create these;... - I can create documents with relative ease...."

"J" suggested changing some documents. "GA" responded that "a lot of things can be done", but he did not propose to "be stuffing things into their comm basket." He later commented that something could be pasted and photocopied.[14]

Allegation 4:

That Michael Flynn conspired to obstruct justice, and aided Gerald Armstrong in the crimes of conspiracy (Penal Code Section 182) and solicitation of burglary, receiving stolen property, and forgery (Penal Code Section 653f).

Evidence:

In April, 1985, Flynn contacted the United States Attorney in Boston, the Internal Revenue Service, and the Los Angeles Police Department. Flynn's attorney, Raul Martinez then made allegedly false accusations of wire tapping.

Flynn told the Los Angeles Police Department that "Cooley" had had a video recording and a letter signed by Officer Rodriguez authorizing such a recording. By letter, Attorney Raul Martinez, representing Mr. Flynn, asked the City Attorney to investigate. The City Attorney forwarded the letter to Chief Gates.[15]

John Peterson declared under penalty of perjury that evidence indicated that Michael Flynn was directing Gerald Armstrong in order to steal documents, plot forgeries, steal legal strategies, implement a plot to seduce and blackmail a Scientologist, and conspire to suborn perjury.[16]

The "Van Schaick" case, referred to in Armstrong's "shopping list", was settled by Attorney Flynn.[17]

* * *

As Mr. Peterson has noted, I have spent a considerable amount of time reviewing and comprehending the materials you have submitted to this office. For the reasons set forth below, I do not find that those materials contain sufficient evidence of the commission of any of the alleged crimes to justify the further investigation of those allegations.

At the outset, I should like to point out the following regarding Mr. Peterson's letter dated September 27, 1985 and my subsequent communications with him. 1) Mr. Peterson told me that "the interviews took place in Griffith Park during... November, 1984." He has not otherwise responded to my request for a complete description of the events to which the documents related, including times, dates, places, names, circumstances, and identifying information. (See Request #1, above.)

2) Mr. Peterson told me that "tapes are not in dispute" and that details of the taping should be sought from Gene Ingram.

But when Investigator Tomich sought to follow his advice, Mr. Peterson asserted he was Mr. Ingram's attorney, and he refused to permit Investigator Tomich to interview him.

In his letter of March 18, 1986, Mr. Peterson refused further to respond to my requests for a description of the manner in which recordings and other source information were obtained; and for a statement from the person who obtained the information (some of it apparently recorded, some of it apparently from other sources) identifying that person and describing the acquisition of the information, documents, or tape, and the manner in which it could be authenticated (proved to be what it purports to be). (See Requests Nos. 2 and 3, above.)

3) He submitted "data on the background of Jerry Armstrong" and the other documents referred to in the footnotes to this letter, in which he highlighted those portions he considered relevant to the allegations. He has not otherwise explained the relevance of the submitted materials to the allegations of criminal conduct. (See Request #4, above.)

4) He told me that the individuals speaking on the video tapes are "responsible witnesses who can be produced if necessary." Beyond submitting a list of the names of the persons you have accused and three of their associates, he has not otherwise responded to my requests that he document the specific facts which prove the commission of the crimes alleged, including the particular details about each event and the names, addresses, and telephone numbers of the witnesses (See the paragraph following request #4, above).

* * *

A conspiracy to obstruct justice is an agreement between two or more persons to do an act or omit to do an act, as the result of which justice or the due administration of the laws is obstructed or perverted. To convict a person of that crime the prosecution must prove that he made such an agreement with the specific intent to commit or omit the necessary act and that, while he was a member of the conspiracy, he or a co-conspirator committed an overt act in furtherance of the object within the prosecuting jurisdiction (in our case, Los Angeles County).

Assuming that the factual allegations are true, and that Daryl Gates did receive from Michael Flynn a wiretapping complaint; did rebuke Officer Rodriguez and Investigator Ingram; and did initiate an investigation into possible criminal conduct by Rodriguez and Ingram; that Gerald Armstrong did have the above-described conversations with "Joey"[18] about Al Lipkin and Al Ristuccia; that Lipkin and Ristuccia did interview Rodriguez, did consider him evasive, did seek Los Angeles Police Department assistance in obtaining Rodriguez's cooperation, and did visit Parker Center on April 23, 1985; that Armstrong told "Joey" to type staff work in order to create issues and that he did all the other things alleged (talked to "Joey" about "Carol," told "Joey" that "they" should destablilize the "PI, attorney apparatus," told "Joey" to check financial records, wrote and delivered the "shopping list," and gave documents "to the Feds") and that Michael Flynn both personally and through his attorney contacted the United States Attorney, the Internal Revenue Service, and the Los Angeles Police Department to complain about the tape recording, the actions of Officer Rodriguez, and other matters; and that he settled the "Van Schaick" case; we are unable to find in any of those allegations any evidence which would support an allegation that Chief Gates, Agent Lipkin, Agent Ristuccia, Mr. Armstrong, or Attorney Flynn agreed with anyone to commit or omit any act which might pervert or obstruct justice or the due administration of the laws.

No factual details (time, place circumstances, names of witnesses, etc.) have been submitted to support many of the conclusions that have been alleged. Thus there is no evidence that "there has been no effort to do anything about" crimes allegedly committed by Mr. Armstrong; that the Internal Revenue Service Agents attempted to "strongarm" Officer Rodriguez; that Mr. Armstrong conspired with a church staff member and explained to the conspirators his plans for attacking the church and Mr. Hubbard; that Mr. Armstrong wrote a "shopping list" of information and asked someone to "purloin" it; or that Michael Flynn made false accusations of wiretapping.

Therefore, the evidence of which we have been apprised of a conspiracy to obstruct justice is insufficient to warrant further investigation by this office.

To convict a person of the crime of preparation of false documentary evidence, the prosecution must prove that he in fact made the document, that it was false, and that he intended it to be produced as true for a deceitful purpose in a proceeding authorized by law.

Even assuming that it can be proved by competent, admissible evidence that Gerald Armstrong told "Joey" to type staff work and that "issues can be created," that "they can never tell where the issue came from," and that he wanted the lawsuits to end so that he could get his "global settlement"; that Armstrong wrote and gave to someone the "shopping list"; that he told "Joey" he wanted to get "stuff...into writing" and to "unstabliz(e)" the "apparatus"; that he said getting records was "vital"; that he said he could type and duplicate things and create documents and set up a press and produce issues, that he wanted to know about a type face, that a lot of things could be done and that something could be pasted and photocopied; none of this, taken alone, constitutes evidence that Mr. Armstrong in fact created a single false document or that he intended that such a document be produced for any purpose in any legal proceeding.

Further, in the documents submitted to us, Mr. Armstrong is quoted as stating that he was not advocating the creation of incriminating evidence and that he did not propose to "be stuffing things into their comm baskets."

We are aware of no other evidence which might lend criminal significance to the statements of Mr. Armstrong. We can find, therefore, no basis for a further investigation of the allegation that Penal Code Section 134 has been violated.

Extortion (Penal Code Section 518) is the obtaining of property from another with his consent, induced by a wrongful use of force or fear. The fear may be induced by a threat to injure a person or property, or to accuse the victim or a relative of crime, or to impute to any of them a deformity, disgrace, or crime, or to expose a secret affecting any of them. Penal Code Section 524 makes it a felony to attempt to commit extortion.

Assuming that it can be proved that Gerald Armstrong expressed the views alleged regarding the "way to the man's mind" and that he wrote the note referring to "ASI" and "WDC", that does not appear to us to be evidence that he or anyone obtained or attempted to obtain property from anyone by means of any threat. We therefore find no basis for further investigation of the allegation that Gerald Armstrong committed extortion.

The solicitation of another person to commit or join in the commission of burglary, receiving stolen property, or forgery is a felony, the proof of whose commission requires the testimony of two witnesses or of one witness plus evidence of corroborating circumstances. To convict a person of solicitation, the prosecution must prove that he asked another person to commit a crime with the specific intent that it be committed.

The solicitation of burglary requires a request that one enter a building or other specific place (See Penal Code Section 459) intending to commit larceny or a felony; the solicitation of receiving stolen property requires a request that one receive property that one knows has been stolen; the solicitation of forgery, a request that one, with the intent to defraud, sign without authority another's name or counterfeit his handwriting, or make any of the false documents specified in Penal Code Section 470, or knowingly utter such falsified document, signature, or handwriting.

Assuming that the allegations are true that Gerald Armstrong told "Joey" to type staff work, that "issues can be created." that "something should be done so that they can capitalize on getting stuff...into writing," that "if we can get anything on Ingram (or) Peterson (or) finance records..., it's all vital," and that "Joey" should find what payments went to attorneys; and, further assuming it to be true that Armstrong gave "Joey" a list which specified "plan" or "anything" "on" certain matters and stated "get me an original...issue type"; that he told "Joey" he had given and would give documents "to the Feds," that he could duplicate things and create documents, and that something could be pasted and photocopied; these allegations nonetheless do not constitute evidence that Mr. Armstrong, with the requisite intent, asked anyone to commit the crime of burglary, receiving stolen property, or forgery. We therefore find no basis for further investigation of the allegation that Gerald Armstrong violated Penal Code section 653f.

A person aids and abets the commission of a crime if, with knowledge of the perpetrator's unlawful purpose and with the intent to encourage or facilitate the commission of the crime, he aids, promotes, or instigates its commission.

The documents submitted to us indicate that Gerald Armstrong gave "Joey" Al Lipkin's telephone number, that he told "Joey" that he had told Lipkin some people might want to talk to him, that he told "Joey" that he had told Lipkin to go after Peterson, and that he mentioned Al Ristuccia to "Joey". The allegations regarding Michael Flynn are described above.

None of those allegations is itself evidence of any unlawful connection between those men and Mr. Armstrong. Further, since we have been presented with no significant evidence of any unlawful conduct on the part of Mr. Armstrong, we do not find that there is sufficient evidence to warrant further investigation of the allegations that Al Lipkin, Al Ristuccia, or Michael Flynn aided and abetted the commission of any crime.

In addition to the lack of evidence set forth above, it must also be noted that, lacking knowledge of the manner in which the video tape recordings were obtained, we do not know whether their acquisition violated either United States or California law. If it violated federal law, material thus acquired even if relevant - which it does not appear to be - might be inadmissible in evidence.

For all of the reasons described above, we have concluded that there is no evidence in support of the allegations of criminal conduct on the part of Daryl Gates, Al Lipkin, Al Ristuccia, Gerald Armstrong, and Michael Flynn. Accordingly, we shall take no further action in this matter, and our file is closed.

Very truly yours,

IRA REINER
District Attorney

CURT LIVESAY
Assistant District Attorney

By Robert N

ROBERT N. JORGENSEN
Deputy District Attorney

jeb

c: Chief Daryl Gates, L.A.P.D.
Ron Townsend, I.R.S.
Al Lipkin, I.R.S.
Al Ristuccia, I.R.S.
Gerald Armstrong
Michael Flynn

FOOTNOTES

1. This is set forth in a document entitled "6. Obstruction of Justice".
2. See Exhibit 7 attached to "6. Obstruction of Justice."
3. See Exhibit 11 attached to "6. Obstruction of Justice."
4. See Number 1, above.
5. See document entitled "5. Conspiracy."
6. See Number 1, above.
7. See document entitled "2. Soliciting... ."
8. See document entitled "1. Soliciting... ."
9. See Number 5, above.
10. See document entitled "4. Preparation of False Documentary Evidence."
11. See document entitled "3. Extortion."
12. See document entitled "1. Soliciting... ."
13. See Exhibit 1 page 16.
14. See document entitled "2. Soliciting... ."
15. See Number 1, above.
16. See Number 5, above.
17. See Number 8, above.
18. During our December 10 meeting, Messrs. Peterson and Butterworth identified "J" as "Joey".

HUBBARD COMMUNICATIC OFFICE
37 Fitzroy Street, London, W.1

HCO POLICY LETTER OF 15 AUGUST 1960
Re-issued from Sthil

6956

Assn Secs
HCO Secs

DEPT OF GOVT AFFAIRS

(Cancels any previous directions to set up a Special Zone Dept)
(This Policy Letter is mandatory all Central Organizations)

There shall be established on a board level and outside the structure of the Central Org and HCO but under the board of HASI Ltd, a new department to be called "The Department of Government Affairs".

More and more, as governments disintegrate under the threat of atomic war and communism, central organizations have had to give high executive time to governmental affairs to the great loss of the organizations themselves. The enturbulence entered into Scientology activities by legal matters, tax matters, and matters of assisting governments to maintain stability, has sapped our time and fixed our attention to our own loss.

Now to remedy this situation, I wish to contain and cordon, in a military sense. this incursion and to prohibit utterly and completely such entrance (of these matters or our own project for governments) into Central Org or HCO comm lines. In other words, Central Orgs and HCOs are run by, for and as Scientology service and activity units and the special Department of Government Affairs shall handle other matters and specifically deny such non-Scientology matters entrance into organizational comm lines.

The Department of Government Affairs shall be headed and directed with a minimum of personnel and shall not be able to call upon the personnel of the Central Org or HCO for further assistance than the relay of communications.

The Director of Government Affairs shall be a fully qualified person of good judgement subject to control of the Board of Directors and shall be subject to the advices and directions of the Board and the HCO and Assn Secretary. Only Washington and South Africa are excluded from supervision of the Dept by the Assn Sec, Org Sec and HCO Sec. In all other offices the Director of Government Affairs shall be subordinate to the Assn Sec and HCO Sec.

Under this department comes the corporation's solicitors, attorneys, chartered accountants and any attorney or accountant hired directly by the corporation for outside legal or tax or filing purposes.

The allotment and issue of shares comes under this department, but the actual invoicing and banking shall be done as always by the Dept of Accounts or, for HCO, by the HCO Secretary.

All contracts, filings with the government, all tax reports and their preparation, corporation minutes, annual meetings, legal papers, suits against and by the corporation, whether HASI Ltd or HCO Ltd, all legal investigatory work and detectives, all contacts with government agents, bureaus and departments, all assistance to governments, messages to governments, handling answers from governments or courts shall be cared for by the Department, whether to advance or protect Scientology or its corporations by government or legal channels.

All legal documents and the Valuable Document files for HCO and HASI shall be kept by the Department in a proper safe in accordance with previous rules written for the keeping and handling of valuable documents.

All share sales reports and all legal, governmental and corporation reports to be made to the boards shall be made to it by this Department.

No shares may be advertised or issued save with the approval of this department.

No contracts, purchases or mortgages may be undertaken without the approval of this Department and then only by the action of this Department.

It is clearly understood that the Department shall not undertake financial management for the Central Org or HCO nor may it direct the Central Org or HCO on purely Scientology affairs or Scientology dissemination except where these may impinge directly upon the government, and even then this Department is enjoined from forcing government laws or rulings upon the Central Org or HCO by threat of danger or ominous advices, nor may the Department employ either solicitors nor accountants who specialize in ominous advices to the Orgs since the Orgs could be discouraged or impeded by such.

The object of the Department is to broaden the impact of Scientology upon governments and other organizations and is to conduct itself so as to make the name and repute of Scientology better and more *forceful*. Therefore defensive tactics are frowned upon in the department. We are not trying to make the Central Orgs and HCOs "be good". We are trying to make their reach more secure and effective. Only attacks resolve threats.

In the face of danger from Govts or courts there are only two errors one can make: (a) do nothing and (b) defend. The right things to do with any threat are to (1) Find out if we want to play the offered game or not, (2) If not, to derail the offered game with a feint or attack upon the most vulnerable point which can be disclosed in the enemy ranks, (3) Make enough threat or clamor to cause the enemy to quail, (4) Don't try to get any money out of it, (5) Make every attack by us also sell Scientology and (6) Win. If attacked on some vulnerable point by anyone or anything or any organization, always find or manufacture enough threat against them to cause them to sue for peace. Peace is bought with an exchange of advantage, so make the advantage and then settle. Don't ever defend. Always attack. Don't ever do nothing. Unexpected attacks in the rear of the enemy's front ranks work best.

Never put the organization on "wait" because of courts or other matters. It's up to the Department to make the actions of HCO Secs and Org Secs *right*, not enjoin right actions on the HCO and Org Secs.

To win we must have treasure and verve. If a Central Org and HCO function perfectly as service units then treasure and consequent security for the further advance are to hand. If the Department operates with verve and elan, even with rashness, it will afford a screen behind which organizations can work.

Example: BMA attacks Scientology in Australia via the government. Answer: throw heavy communication against the weakest point of the BMA—its individual doctors. Rock them with petitions to have medical laws modified which they are to sign. Couple the BMA attack with any group hated by the government. Attack personally by threats or suits any person signing anything for the BMA. Slam the matter into politics, advance a bill into parliament that strips the BMA of all legal rights by opening healing to all. Make the attack by the BMA look ridiculous. Attack medical practices. Investigate horrible practices loudly. (*Always* investigate loudly never quietly.) Make the distinct public and governmental impression and BMA impression that they've run into a barrage of arrows or electronic cannon and that continued attack by them will cause their own disintegration. As all this is being done on a thought or idea level the restimulation of their engrams results in the total impression that they are surrounded by their own dead and the battery may fire again at any minute. And if one makes in writing not one slanderous or libelous statement, there is no defense by them. This example is patterned on what just happened and what we did in Australia where we are winning strongly.

The personnel of the Department should be freed of past track legal and governmental overts by the HGC using evening auditing. This is a must or the Department will otherwise attract attacks. Further, the higher the department personnel is raised on "control" through running help, the less action will have to be undertaken by it and the more it will actually accomplish without violent action.

The goal of the Department is to bring the government and hostile philosophies or societies into a state of complete compliance with the goals of Scientology. This is done by high level ability to control and in its absence by low level ability to overwhelm. Introvert such agencies. Control such agencies. Scientology is the only game on Earth where everybody wins. There is no overt in bringing good order.

The offices of the Department, so far as is possible, should be so situated as to bring no government traffic into the main avenues, comm lines or halls of the Central

Organization or HCO or so as to divert it to the maximum extent from said avenues, comm lines and halls.

The following personnel appointments are made, conditional to acceptance, as Directors of Government Affairs:

United States: Marilynn Routsong
South Africa: Jack Parkhouse
London: George Hay
Los Angeles: Dick Steves
Australia: Denny Gogerly
New Zealand: Steve Stevens.

In the United States and South Africa the head of the Department of Government Affairs shall be also Trustee or Area Director of the Central Organization while the Org Sec and Assn Sec shall not be, but will be officers of the corporation.

This policy letter and these appointments are prompted by the following facts:

1. My own traffic on government legal affairs is far too heavy and I need help of magnitude on a continental level.
2. HCO Secs and Assn Secs are having difficulty holding down their Orgs and the field because of the time demanded by government affairs.
3. The activity will get heavier rather than lighter.
    (a) The deterioration of government order is accelerating with consequent confusion in all related affairs;
    (b) Increasing amounts of order must be maintained by us at a governmental level against the possibility of finding our areas without governments.
4. We are about to file HASI Ltd and HCO Ltd in all areas with the attendant heavy legal and governmental action necessary.
5. We are about to arrange for the release of and the issue of over half a million pounds of shares to the public, thus making heavy demands on legal and government lines.
6. We are about to finance and erect various media of communications, such as radio stations, on the various continents and this will require enormous amounts of liaison and action in such a department.
7. We are about to finance and find new quarters in the United States and such activities come under the new Department.
8. Due to new clearing techniques, our sphere of control is widening. This is purely a case phenomenon, but will be felt heavily by Orgs in the future. It is necessary to provide comm lines for this widening of influence.

LRH:js.gh.cden

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L. RON HUBBARD

I DECLARE

A Literary Work Created and Written
by
GERALD ARMSTRONG

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I DECLARE

I, Gerald Armstrong, declare:

1. I am a defendant in the case of Church of Scientology International v. Gerald Armstrong, Michael Walton and The Gerald Armstrong Corporation, Marin Superior Court case no. 157680, filed July 23, 1993, hereinafter "Armstrong IV." I am making this declaration for all purposes, including the disposing of the Armstrong IV complaint, which, for literary purposes, is appended hereto as Exhibit A.

2. I am a defendant in the case of Church of Scientology International v. Gerald Armstrong and The Gerald Armstrong Corporation, Los Angeles Superior Court case no. BC 084642, hereinafter "Armstrong III," filed July 8, 1993. I am a defendant and cross-complainant in the case of Church of Scientology International v. Gerald Armstrong and The Gerald Armstrong Corporation, Los Angeles Superior Court, filed February 4, 1992, in Marin Superior Court as case no. 152229, and transferred March 20, 1992 to Los Angeles Superior Court and given case no. BC 052395, hereinafter "Armstrong II." I am the defendant and cross-complainant in the case of Church of Scientology of California and Mary Sue Hubbard v. Gerald Armstrong, Los Angeles Superior Court case no. C 420153, hereinafter "Armstrong I," filed August 2, 1982.

3. I am a writer, artist and philosopher. I am the founder of and present majority shareholder in The Gerald Armstrong Corporation, hereinafter "TGAC," also named as a

defendant in Armstrong II, III and IV. I am the sole office support of attorney Ford Greene in San Anselmo, California. Mr. Greene represents me in Armstrong IV, and, along with attorney Paul Morantz of Pacific Palisades, California, in I, II and III.

4. I was involved inside the Scientology organization, hereinafter the "organization," from 1969 through 1981 and held many staff positions in the Sea Org, Scientology's elite quasiparamilitary core. I gained a knowledge of organization policies and operations, worked closely for periods with the its founder and leader L. Ron Hubbard, and during my last two years inside did the research for a biography to be written about the man. I have detailed my organization experiences in many declarations and have testified in organization litigation in depositions and at trials approximately 55 days in probably 15 lawsuits from 1982 through 1993.

5. On June 20, 1984, following a lengthy bench trial in Armstrong I, LA Superior Court Judge Paul G. Breckenridge, Jr. issued a memorandum of intended decision, a copy of which is appended hereto as Exhibit B. Finding in my favor, he wrote, inter alia:

> "In addition to violating and abusing its own members civil rights, the organization over the years with its "Fair Game" doctrine has harassed and abused those persons not in the [organization] whom it perceives as enemies. The organization clearly is schizophrenic and paranoid, and this bizarre combination seems to be a

reflection of its founder LRH. The evidence portrays a man who has been virtually a pathological liar when it comes to his history, background and achievements. The writings and documents in evidence additionally reflect his egoism, greed, avarice, lust for power, and vindictiveness and aggressiveness against persons perceived by him to be disloyal or hostile." (Ex. B, at p. 8, l. 18)

On July 20, 1984 Judge Breckenridge ordered that his intended decision be deemed his statement of decision, and on August 10, 1984 entered it as judgment. The organization appealed.

6. On July 29, 1991 the California Court of Appeal, Second District, Division 3 issued its opinion, a copy of which is appended hereto as Exhibit C, affirming the Breckenridge decision. The Court of Appeal stated, inter alia, that the organization's "suppressive person declares" had "subjected Armstrong to the 'Fair Game Doctrine' of the [organization] which permits a suppressive person to be 'tricked, sued or lied to or destroyed...[or] deprived of property or injured by any means by any Scientologist....'" (Ex. C, Church of Scientology v. Armstrong, 283 Cal. Rptr. 917, at p. 920)

7. The Armstrong I cross-complaint, which, on the organization's motion had been bifurcated from the underlying case before the 1984 trial, settled in December, 1986. Armstrong II and III are breach of contract actions for damages and enforcement of the conditions of the central document in the

settlement entitled "Mutual Release of All Claims and Settlement Agreement," hereinafter the "settlement agreement," which the organization has attached as an exhibit to its Armstrong IV complaint, and which is appended hereto as Exhibit D.

8. I am an expert in the identification of the organization's fraudulent nature, practices and statements, and "fair game," the organization's fundamental philosophy and practice of opportunistic hatred, and I have testified as an expert in these areas. Because of what I know and my willingness to communicate freely to anyone who wants to hear, I am fair game's target. I have been subjected to the organization's cynical and dangerous legal and extralegal operations from 1982 to the present. I have documented dozens of instances of fair game in action toward me in my earlier declarations and oral testimony. See, for example, paragraphs 6 through 9 and 19 and 20 of my declaration of March 16, 1992, a copy of which is appended hereto as Exhibit E, filed in Armstrong II in Marin County in opposition to Scientology's motion for a preliminary injunction. The Armstrong IV lawsuit is another instance of fair game. It is based on the perjurious statements of organization lawyer Andrew H. Wilson. It is meritless and malicious.

9. The central charges of the Armstrong IV complaint are that: (a) beginning in February, 1990, and continuing until the present I wilfully and repeatedly violated the settlement agreement; (b) fearing that the organization would seek to collect the damages, which it claims to be due pursuant to the

settlement agreement's liquidated damages clause, I conspired with Michael Walton to fraudulently convey to him in August 1990 my interest in the real property situated at 707 Fawn Drive in Sleepy Hollow, Marin County, California, for the purpose of rendering myself "judgment-proof;" (c) in 1988 I transferred my material assets to TGAC at the time I embarked on a campaign to harass the organization with the intention of preventing the organization from collecting money from me pursuant to the liquidated damages clause, and that TGAC exists solely to make me judgment-proof; (d) in August, 1990 I transferred to Michael Walton cash and stock in TGAC with the intent to defraud the organization in the collection of its damages; and (e) the organization should get $4,800,000.00 for all this fraud.

10. I will deal first with certain specific averments in the complaint; then with certain material facts which the organization and its lawyer, Mr. Wilson, were aware of before filing the verified complaint, but which have been disregarded in favor of fakery; and finally I will provide additional material facts and documentation to fill in any gaps in the historical events and their context which underlie the complaint and support the conclusion, which to me is inevasible, that it is frivolous, malicious and should be dismissed.

11. Mr. Wilson states:

> "Armstrong, a former Church member who sought, by both litigation and covert means, to disrupt the activities of his former faith, displayed through the years an

> intense and abiding hatred for the Church, and an eagerness to annoy and harass his former co-religionists by spreading enmity and hatred among members and former members." (p. 2, 1.4)

The organization, as it has been and is operated, is not a church. It is neither a house of worship of God, nor a sanctuary for His children. Moreover, in Hubbard's claims of scientific verifiability for his prohibitive psychotherapy he insisted specifically that Scientology's efficacy did not, unlike religion, depend on faith. My Scientology involvement since I left from inside in 1981 has been with the organization's power structure; that is, the few who control all personnel, communication and finance units and decisions, the organization's litigation machine, intelligence and propaganda bureaus, its private investigators, and all of those segments' dirty tricks. My message has been that the power structure's policies and actions to harass and destroy labelled enemies, its doctrine of opportunistic hatred, and its spreading of enmity are not religious, not effective, and have only brought the organization and Hubbard inevitable ignomy. My message is that the only religious act in the world is forgiveness, that Hubbard lied when he defined forgiveness as "condemnation," that he miscalculated madly when he attempted to program himself with the idea that all men were his slaves, and then acted as if they were, and that the organization could just as easily be engaged in the emancipation of its members as their enslavement. I do not urge enmity among its members and former members even toward the policies and practices of defrauding and brutalizing the innocent, but do urge understanding and forgiveness. That I disrupt the power structure's activities - its rewriting of history, daily fraud, mockery of religion, use of the law to harass, assault on our justice system, abuse of the good, bullying of the weak, and intimidation of those who should be the weak's defenders - I admit. These antisocial activities will continue to be disrupted until the organization realizes that such activities simply don't work, and out of self-interest forsakes the litigation business, discontinues the war on the innocent, and either becomes religion or drops that immodest mantle. But the disruption flows only from the organization's own antisocial actions, which rebound on their manufacturer if any target stands up, doesn't duck and is willing to take a few hits. I have no intelligence bureau, propaganda apparatus, private investigators, litigation machine and no hundreds of millions to finance them. I have no fair game policy, and no underlings to implement it if I did have one. I have no lawyers willing to lie for a little lucre and no operatives to steal documents, frame judges, compromise jurors, trick, sue or destroy invented and then targeted "enemies." Scientology's power structure is a big, black pot desperately seeking kettles to tarnish.

12. Mr. Wilson states:

"[the organization] sought, with the Agreement, to end all of Armstrong's covert activities against it, along with the litigation itself." (p. 2, l. 9)

I had no covert activities against the organization. It is the organization with its army of agents, private investigators and lawyer cutouts which carries on its periculous, albeit ridiculous, covert war. Hubbard patterned his espionage apparatus on the system developed by Hitler's spy master, Reinhard Gehlen, and the power structure has continued Hubbard's dark and secret methods to this day. The organization did not seek to end the litigation with me, and has not sought to end its use of litigation to achieve its global antisocial goals. It sought to silence me with threats and eliminate my ability to defend myself by contracting away from me my own attorneys, Michael Flynn of Boston, Massachusetts and Contos & Bunch of Woodland Hills, California, who had represented me throughout the Armstrong I litigation, so that it could keep its litigation machine running, continue to obstruct justice, use the law to harass, deny redress to its victims, and steamroll its opposition. Hubbard and his organization had ruthlessly and unremittingly attacked Mr. Flynn, my good friend and the prime mover for seven years in a national effort to bring Scientology to justice, suing him some fifteen times, filing false bar complaints against him, infiltrating his office, stealing documents, framing him with the forgery of a $2,000,000 check, libeling him internationally, and, according to Mr. Flynn, attempting his assassination. The organization threatened his law practice, family and life, hurt his marriage, and finally

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forced him, in his desperation to end the attack and threats, to sign a contract with the organization to not help me should the organization attack me after the contract's signing. Even its own settlement agreement (Ex. D) belies the organization's claim that it sought to end the Armstrong I litigation. Paragraph 4B allows the organization, following the December, 1986 settlement, to maintain the appeal from the Breckenridge decision, while requiring me to obstruct justice by not opposing any future appeals. Coupled with the likewise illegal contracts requiring my attorneys to not represent me in any such future appeals or in any action by the organization to enforce the settlement agreement, the agreement's intended effect was to remove any opposition to the organization's litigation juggernaut. My attorneys' signing of the non-representation contracts is understandable and wholly excusable when the threat of the organization's attacks on them is understood.

13. Mr. Wilson states:

> "the Agreement contained carefully negotiated and agreed-upon confidentiality provisions and provisions prohibiting Armstrong from fomenting litigation against [the organization] by third parties." (Ex. A. p. 2, l. 12)

This is the big black pot feigning blindness by its layers of autogenous soot. The organization is very likely the most litigious entity this world has ever known. I have consistently done whatever I could to unfoment its litigation; in fact I have adjured it to get out of the litigation business completely, and to seek solutions to its problems through peaceful means and open and honest communication. So far it refuses to communicate with its targets, hides behind corrupt lawyers, and rejects openness and honesty in favor of luciferian litigiosity. Fomenting litigation is one of the organization's principal weapons in its war against its victims, its critics, the justice system and the world. The declaration of U.S. District Court Judge James M. Ideman dated June 17, 1993, a true copy of which is appended hereto as Exhibit F, shows one respected jurist's insight into the organization's abuse of the legal process and its fomentation of litigation:

> "[the organization's] noncompliance [with the Court's orders] has consisted of evasions, misrepresentations, broken promises and lies, but ultimately with refusal. As part of this scheme to not comply, the [organization has] undertaken a massive campaign of filing every conceivable motion (and some inconceivable) [Judge Ideman's parens in original] to disguise the true issue in these pretrial proceedings. Apparently viewing litigation as war, [the organization] by this tactic [has] had the effect of massively increasing the costs to the other parties, and, for a while, to the Court. The appointment of the Special Master 4 years ago has considerably relieved the burden to this Court. The scope of [the organization's] efforts have to be seen

> to be believed..... Yet it is almost all puffery -- motions without merit or substance." (Ex. F, p. 2, para 4, 5; filed June 21, 1993 in Religious Technology Center, Petitioner v. U.S. District Court, Respondent, David Mayo, Real Party in Interest, No. 93-70281 in the 9th Circuit Court of Appeals)

14. Mr. Wilson states:

> "In or about February, 1990, Armstrong began to take a series of actions which directly violated provisions of the Agreement." (Ex. A., p. 2, l. 20)

In the fall of 1989, at the time I received a series of threats from organization lawyer Lawrence E. Heller, and after enduring without response almost three years of post-settlement fair game, I came to the conclusion that by allowing myself to be intimidated by the threats I would be abetting the organization's obstruction of justice, and that I had an inalienable right, and arguably even a duty, regardless of whatever the settlement agreement said, to not obstruct justice. My first action, and my only action, in February, 1990, was to petition the California Court of Appeal, Second District, Division Three for permission to respond in the appeal, No. B 025920, from the 1984 Breckenridge decision, which the organization had been able to maintain during all the intervening years. At the same time I petitioned Division Four of the Second District for permission to respond in another appeal, No. B 038975, that the organization had taken from a 1988 Los Angeles Superior Court order granting the motion of contra-organization litigant Bent Corydon to unseal the Armstrong I court file , which had been sealed since the December, 1986 settlement. The organization opposed both petitions, Division Three granted the petition to respond in the appeal from Breckenridge, and I filed a reply in Division Four to the opposition in the unsealing appeal, supported by a declaration dated March 15, 1990, in which I detailed many of the organization's post settlement threats and attacks and stated my position regarding the unenforceability of several conditions of the settlement agreement. The March 15, 1990 declaration, along with the exhibits thereto, except for the Breckenridge decision (Ex. B to this declaration), is appended hereto as Exhibit G. Since my documents were filed openly in the appeals and served on all opposing counsel, the organization is fully aware of what I did in 1990, and that I had the Court of Appeal's permission to do it. Mr. Wilson's allegation that I began in February, 1990 to directly violate the settlement agreement contradicts an earlier allegation the organization and Mr. Wilson made in the Armstrong II pleadings. In the amended complaint filed June 4, 1992, a copy of which is appended hereto as Exhibit H, the organization states:

> "As soon as he finished spending the money he extracted from [the organization] as the price of his signature, in June, 1991, Armstrong began a systematic campaign to foment litigation against [the organization] by providing confidential information, copies of the

> Agreement, declarations, and "paralegal" assistance to litigants actively engaged in litigation against his former adversaries." (Ex. H, p. 2, l. 27).

The June, 1991 date would not work well in the organization's Armstrong IV fraudulent conveyance figment, so the February, 1990 starting date for my "violations" was fabricated. Similarly the allegation would not work that as soon as I had finished spending the settlement money I began whatever I did that the organization calls in its various documents a "systematic campaign." I could have spent the money; I could have fraudulently conveyed my assets; I couldn't have done both. I did neither. Nor did I begin a campaign, systematic or not, to foment litigation against any of the organization's entities.

15. Mr. Wilson states:

> "Fearing that [the organization] would seek to collect the liquidated damages owed by his breaches, Armstrong, ... fraudulently conveyed all of his property, including real property located in Marin County, cash, and personal property to defendants Michael Walton, the Gerald Armstrong Corporation, and Does 1-100, receiving no consideration in return." (Ex. A. p. 2, l. 22)

I have never feared the organization collecting damages of any kind against me, nor even its seeking to collect damages. I do have an undeniable concern that before it comes to its senses or saner minds prevail in the organization the power structure will have me assassinated or do something else diabolical and dangerous, and this has produced in me an awareness of threat and is a fact of my present psychological condition. These people are quite capable of violent and criminal acts, they are armed, and their head private investigator, Eugene M. Ingram, a former LAPD vice sergeant, who is reputed to have been busted from the force for pandering and taking payoffs from drug dealers, in 1984 threatened to put a bullet between my eyes, and in November, 1993 spread the rumor in broad daylight that I have AIDS. But I have never feared that the organization can win in court or ever be awarded damages against me. I do not believe any court in this country will order me to obstruct justice, not defend myself, nor even not profit monetarily from, much less communicate about, on-going, open-court lawsuits in which I have been sued for millions of dollars. The organization operates in pretended blindness to the way rational people view its litigiousness, its abuse of process, its greed and its suppression of its members' decent natures. My conveyance of 707 Fawn Drive to Michael Walton, my forgiving of debts owed to me, and my giving away of cash, personal effects and TGAC stock were not motivated by fear of the organization perhaps suing me and conceivably, although not beyond improbably, being awarded monetary damages in any such lawsuit. To the contrary, I believe that should any of the Armstrong II, III or IV cases go to trial I will be awarded attorney's fees, costs and damages, and that either the organization will agree to rescind the settlement agreement's unfair and unenforceable clauses or our courts will rule them illegal. I had believed throughout 1990 and 1991 that it was entirely likely that the organization would never sue me, even after attorney Heller's threats of litigation, since it had to know that it could never win in an uncompromised court, and that any lawsuit it might bring against me would only bring it further disgrace. I gave away my assets after a great deal of contemplation, which included acceptance of the fact that thereafter if I stood up against injustice I would have to stand up to the organization, and for that matter any organization, individual, army or nation, essentially penniless. My amended answer to the Armstrong II amended complaint, a copy of which is appended hereto as Exhibit I, filed and served on Mr. Wilson October 8, 1992, states:

> "Armstrong denies that he ever extracted money from the ORG. Armstrong denies that in June, 1991 he had finished spending his money. In August 1990 Armstrong had given away all his assets for reasons unrelated to the ORG, except that he evaluated that because the ORG committed so much harm with its billions of dollars there was no reason not to give his money away, and that it was better to combat the ORG's tyranny without money than not to combat it with wheelbarrow loads of it. Armstrong denies that in June, 1991 he began any campaign, provided any confidential information to anyone, copies of any agreement, declarations, and paralegal assistance to any litigants." (Ex. I. p. 3,

para. 3, l. 23)

I believe that in exchange for my willingness to renounce what were my worldly assets in August, 1990, I have received consideration far beyond what I imagined at the time. I could not and did not attempt to predict in August, 1990 what would happen in the years that have followed. I proceeded with the faith that our Creator was the Source of the idea of renunciation and that I could trust Him to guide me and care for all my needs. The subsequent years have shown me that my willingness flowed from His grace and that my trust was exceedingly well placed.

16. Mr. Wilson states:

> "Armstrong caused his own personal assets to be transferred to [TGAC] without adequate consideration in order to evade payment of his legal obligations, and defendant Armstrong has completely controlled, dominated, managed and operated [TGAC] since it incorporation for his own personal benefit." (Ex. A. p. 4, l. 15)
>
> "Armstrong transferred his material assets to [TGAC] in 1988, at the time of his embarkation on the campaign of harassment..., and with the intention of preventing [the organization] from obtaining monetary relief from Armstrong pursuant to the liquidated damages clause. Hence [TGAC] exists solely so that Armstrong may be "judgment proof." (Ex. A., p. 5, l. 3)

Again to make irrefutable facts fit his fraudulent conveyance fiction, Mr. Wilson has, frankly, fudged. I incorporated TGAC in 1987 and activated it at the beginning of 1988. At that time I also transferred to the corporation all my drawings and other artwork, writings, rights thereto, office equipment and supplies, and I provided startup capital. In exchange I received one hundred percent of TGAC's stock. Mr. Wilson's conclusion that one hundred percent ownership of the corporation which owned my products, rights to their commercial exploitation, plus office materiel was not adequate consideration for those products, rights and materiel, is dissemblingly dense. His allegation that I embarked in 1988 on a campaign of harassment is duplicitously daft. Yet this is utterly unsurprising standard Scientological operating procedure. Very simply, the organization requires its members and its lawyers to lie; and should they ever decide to stop lying, its members and lawyers become fair game. The only thing I did in 1988 regarding the organization was to remain silent in the face of its continuing post-settlement threats and attacks. Mr. Wilson's assertion that TGAC exists solely to make me judgment proof, if it were not being made by an officer of the court under the paw of the pestiferous power structure of this contumelious cult for its pernicious purposes of revenge, fair game, black propaganda, attack on my friends, waste of everyone's time, and my psychological and economic destruction, would just be faintly funniferous flapdoodle.

17. Mr. Wilson states:

"The consideration paid to Armstrong was fair, reasonable and adequate." (Ex. A., p. 7, l. 1)

I agree that the consideration was reasonable. The organization paid me as recompense for its fraud and abuse over the more than twelve years I devoted to L. Ron Hubbard and for the five years of fair game harassment after I left. It settled with me out of court in December, 1986 rather than face the trial of my Armstrong I cross-complaint, then set for March, 1987. It again defrauded me at the time of the settlement because it represented, through my attorney Michael Flynn, that it was discontinuing fair game and getting out of the litigation business. It did not pay me, nor did it even offer to pay me, to be fair game's willing victim and a tool the rest of my life in its abuse of our justice system and suppression of our brothers.

18. Mr. Wilson is aware of the truth behind his untruthful statements in the Armstrong IV complaint, but has chosen, in order to forward his client's malicious intentions, to ignore that truth. He is aware, as shown in paragraph 14 above, since he is an attorney of record in the case, that in the Armstrong II complaint the organization has claimed that in June, 1991 I began what it calls "a systematic campaign to foment litigation." Mr. Wilson, as shown in paragraph 15 above, is also aware that I stated in my answer in Armstrong II that I had given away my assets in August, 1990, for reasons unrelated to the organization. These reasons are in truth irrelevant to any of the organization's claims in any of the Armstrong cases, but incredibly have been made relevant by Mr. Wilson due to his

dishonest insistence, in order to justify his further harassment of me with the filing of Armstrong IV, that my renunciation was the product of some conspiracy to defraud the organization that pays him to attack me.

19. In my deposition in Armstrong II taken on July 22, 1992 by Mr. Wilson, pages 266 through 270 from the transcript of which are appended hereto as Exhibit J, the following exchanges occurred:

> (For clarity I have integrated into the quoted sections the corrections I made in the deposition transcripts in my review of my testimony pursuant to the California Code of Civil Procedure)
>
> "Q. (Mr. Wilson) How about this, why don't you just tell me, tell me the business of the Gerald Armstrong Corporation is.
>
> A. (Me) The Gerald Armstrong Corporation possesses a number of Gerald Armstrong's artistic and literary works, possesses rights to a number of his inventions and rights to certain formulas, and is in the business of bringing peace and exploiting its assets for commercial and peaceful purposes.
>
> Q. Okay. What does it do to exploit its assets for commercial purposes? Make anything, sell anything?
>
> A. It sells things and it makes things.
>
> Q. What does it make.
>
> A. It makes sculptures, cards, works of art, literary

works, campaigns.

Q. What campaigns does it make?

A. It is a contributor and possessor of certain rights within the group known as the Runners Against Trash and the same within the organization known as the Organization of United Renunciants.

Q. What is the Organization of United Renunciants?

A. It is an organization dedicated to the preservation of the world through peaceful means.

Q. What have the people in the organization renounced, if anything?

A. The people in the organization renounce money.

Q. Does that mean they give away their money?

A. They can if they want.

Q. Did you give away the money that the Church paid you in settlement?

A. Well, I'm, that's not a very well worded question, because I gave away all my assets including my money.

Q. When?

A. When? August 1990.

Q. Who did you give it to?

A. A number of people.

Q. Can you tell me who they are?

A. No.

Q. Did you give any of it to Michael Walton?

A. Yes.

Q. Why did you give it away?

A. Because I considered that I was guided to do so.

Q. By whom?

A. The Source of all that is.

Q. Who is that?

A. God.

Q. Now when God guided you to give away all your assets, did [H]e guide you to give them to particular people or did you make that decision?

A. I believe that I was guided each step of the way.

Q. Okay. When you say you gave it away, I take it you didn't receive anything in return in terms of monetary compensation?

A. Right.

Q. Can you tell me why you decided to give some of it to Michael Walton?

A. Because it was logical.

Q. Why?

A. And because I was so guided.

Q. Can you tell me what about it was logical?

A. I guess initially it's logical because he was a friend of mine in close proximity to me, and I believed that he had a need at that time." (Ex. J. p. 266, l. 12 - p. 269, l. 3)

20. In my deposition in Armstrong II taken on October 8, 1992 by Scientologist lawyer Laurie J. Bartilson, Mr. Wilson's

co-counsel in II, III and IV, pages 459 through 475 from the transcript of which are appended hereto as Exhibit K, the following exchanges occurred:

"Q. (Ms. Bartilson) And if I ask you how much of the proceeds were still remaining in your pocket at some period later when you gave away all of your assets on the instruction of God, you won't tell me that either, correct?

A. (Me) Correct." (Ex. K. p. 460, l. 25 - p. 461, l. 4)

"Q. Does the Gerald Armstrong Corporation have any material assets?

A. Yes.

Q. Generally what are those assets, categories of things?

....

A. It owns original artwork and it has rights, inasmuch as such are assertable, in certain inventions and formulas." (Ex. K. p. 463, l. 12 - l. 24)

"Q. What is its (TGAC's) function?

A. It cares for, archives, promotes and exploits the works of Gerald Armstrong, and it is a vehicle for peace." (Ex. K. p. 469, l. 19 - l. 22)

21. In my deposition in Armstrong II taken on March 10, 1993 by Ms. Bartilson, pages 555 through 557 from the transcript of which are appended hereto as Exhibit L, the following exchange occurred:

"Q. Did you transfer that large body of work to The Gerald Armstrong Corporation in August of 1990?

A. No. The Gerald Armstrong Corporation already owned those things.

Q. So was it The Gerald Armstrong Corporation transferring it away or the right to it away?

A. The Gerald Armstrong Corporation owned a number of things. I gave away the corporation. The corporation possessed a number of assets.

Q. So at the beginning -- at the end of the transaction the corporation still owned the assets, but different people owned The Gerald Armstrong Corporation?

A. Correct.

Q. You are still a part-owner President of The Gerald Armstrong Corporation, are you not?

A. I am now.

Q. But you were not in August of 1990?

A. Correct.

Q. You have since reacquired it?

A. Correct.

Q. How much of the stock do you presently own in The Gerald Armstrong Corporation?

A. Eighty." (Ex. L, p. 556, l. 14 - p. 557, l. 11)

22. In the deposition of Michael Walton in Armstrong II taken on February 24, 1993 by Mr. Wilson, pages 39 through 42 from the transcript of which are appended hereto as Exhibit M,

the following exchanges occurred:

"Q. (Mr. Wilson) And he's never transferred any property to you?

A. (Mr. Walton) Yes, he has.

Q. What has he transferred to you?

A. He transferred his interest in Fawn Drive to me.

Q. And what consideration did you pay him for that?

A. None.

Q. It was a gift?

A. Yes.

Q. And when did that occur?

A. I think it was around the time of the Desert Storm. I don't -- I really don't -- I'm not quite sure. I can tell you it was -- it was approximately a year before the -- No, I can't tell you that either. I'm really not sure.

Q. Do you know why he transferred it to you?

A. I know what he told me.

Q. What did he tell you?

A. I'm trying to remember it. Let me think about it and see if I can remember under what circumstances. I don't believe this has any relation to any representation. [G]erry told me that he'd had a vision from God.

Q. That's it?

A. That's the reason. That's when he divested of all the property that I know of." (Ex. M. p. 39, l. 9 - p. 40, l. 13)

23. On four days from the fall of 1991 through the spring of 1992 organization Scientologist attorney Kendrick Moxon, of Bowles and Moxon, attorneys of record in Armstrong I, II, III and IV took my deposition in Religious Technology Center, Church of Scientology International and Church of Scientology of California v. Joseph A. Yanny, Los Angeles Superior Court case no. BC 033035, known in the Scientology litigation arena as Yanny II. This case involved the organization's claim that Mr. Yanny, formerly one of its lawyers, was representing me in litigation against the organization. The claim was spurious, invented as a way to attack Mr. Yanny and me, and the case was dismissed by the Court before trial. The organization appealed and on January 11, 1994 the California Court of Appeal, Second Appellate District, Division Three affirmed the judgment of dismissal (B068261). During my deposition of March 17, 1992, pages 449 through 462 from the transcript of which are appended hereto as Exhibit N, the following exchanges occurred:

"Q. (Mr. Moxon) Did Yanny ever give you any money? Has he ever given you any money.

....

A. (Me) Mr. Yanny has bought some meals for me, Mr. Yanny has paid for parking. He has not given me any money other than that.

THE REFEREE (Honorable Thomas T. Johnson): And you stayed in his house?

A. Right

Q. Didn't he pay for you to come down to Los Angeles?

A. What that became was Mr. Yanny's purchase of stock in the Gerald Armstrong Corporation.

Q. Who owns the Gerald Armstrong Corporation?

....

A. The Gerald Armstrong Corporation is owned by stockholders, and I decline to divulge who all the stockholders are.

....

THE REFEREE: The testimony is that there is a corporation. I take it there have been questions in the past about the purpose of the corporation. There is testimony that there are shareholders. More than one shareholder I take it?

A. Yes, your Honor.

THE REFEREE: And that Mr. Yanny is a shareholder. Is Mr. Yanny a majority shareholder.

A. No.

THE REFEREE: Without saying who the shareholders are, how many shareholders are there?

A. I believe 12.

THE REFEREE: Are you a shareholder?

A. No, I'm not.

THE REFEREE: I'll sustain the objections to any further questions on this shareholdings. Is the corporation registered with the state of California?

A. Yes, your Honor.

THE REFEREE: How old is the corporation?

A. 1987.

THE REFEREE: Let's go on to something else.

....

Q. How much money did Yanny give you for stock in the Gerald Armstrong Corporation?

....

A. $1,000.

Q. When did he give it to you?

A. My recollection is July and August or September, 1991.

....

Q. How many shares did that give Mr. Yanny?

A. One.

Q. One share?

A. One.

Q. Do the shares have any specific value?

A. $1,000.

Q. Did anybody else give you $1,000 to but a share?

A. Yes.

....

THE REFEREE: What's the purpose of the inquiry?

MR. MOXON: The purpose is that I believe, and I would like to explore, whether or not money has been acquired by Mr. Armstrong through some improper means through a sham corporation that was established for the purpose of paying him off for his work in relation to the situation we're involved in, and potentially for his testimony.

....

THE REFEREE: Let me suggest another question. You can certainly ask him whether a share of stock was issued for the payments.

Q. Was a share of stock issued to Mr. Yanny?

A. It has his name on it. It has not been delivered to him yet.

Q. Why not?

I have not finished the artwork.

Q. Are you drawing the share?

A. No, the share is a printed share. Each share which I issue has artwork on it. And I have not had the opportunity and I have not ... been in a place to perform that artwork.

....

Q. How many shares of stock does this corporation possess?

A. One hundred.

Q. What does Yanny get in exchange for his share of stock.

A. One percent ownership in the corporation.

....

THE REFEREE: What the purpose of the corporation? Somebody went to the state and got permission to have a corporation. What's the purpose of the corporation?

A. The corporation provides philosophic services. The corporation owns all my literary and artistic works. It is my expectation that the corporation will become profitable and [ ] those people who have had the courage or wisdom to invest in the corporation, as a result of the profitability of the corporation, wealthy."

24. The idea of giving away my house, TGAC stock and other assets, and forgiving all debts owed me, came to me in August, 1990. This idea, which I consider Divinely inspired, came, I believe, in answer to my prayer during that period requesting guidance concerning humanity's condition, and specifically the then developing Middle East crisis following Iraq's August 2, 1990 invasion of Kuwait. I was moved by media reports of the invasion, the global tension, and the daily events of Desert Shield, and I sought to know what, if anything, God wanted me to do. The idea of renunciation of worldly wealth, although coming at that time as a surprise, and unclear as to the details for its accomplishment, was not altogether illogical because I had long recognized that money, greed and power motivated much of the madness that made human beings war against each other.

25. Renunciation first entered my consciousness when I was quite young, probably less than ten years old, during a period I attended Sunday School or Sunday services at the Anglican Church in Chilliwack, British Columbia, Canada where I was born and raised. An essential message of the Christian Gospel which I learned during that period of my life is the storing up of treasure, not in the world where it can be stolen, lost or destroyed, but in Heaven where it is kept safe eternally. My earliest recollection of a specific teaching on the subject, and one which has stayed with me throughout my life, is the story of the rich young man, reported in Matthew, Mark and Luke. The King James Bible, Chapter 19 of the Gospel According to St. Matthew, a copy of which is appended hereto as Exhibit O, contains the following passage:

> "And, behold, one came and said unto [Jesus], Good Master, what good thing shall I do, that I may have eternal life?
>
> And he said unto him, Why callest thou me good? there is none good but one, that is, God: but if thou wilt enter into life, keep the commandments.
>
> He saith unto him, Which? Jesus said, Thou shalt do no murder, Thou shalt not commit adultery, Thou shalt not steal, Thou shalt not bear false witness,
>
> Honour thy father and thy mother: and, Thou shalt love thy neighbour as thyself.
>
> The young man saith unto him, All these things

have I kept from my youth up: what lack I yet?

Jesus said unto him, If thou wilt be perfect, go and sell that thou hast, and give to the poor, and thou shalt have treasure in heaven: and come and follow me.

But when the young man heard that saying, he went away sorrowful: for he had great possessions.

Then said Jesus unto his disciples, Verily I say unto you, That a rich man shall hardly enter into the kingdom of heaven.

And again I say unto you, It is easier for a camel to go through the eye of a needle, than for a rich man to enter into the kingdom of God.

When his disciples heard it they were exceedingly amazed, saying, Who then can be saved?'

But Jesus beheld them, and said, unto them, With men this is impossible; but with God all things are possible.

Then answered Peter and said unto him, Behold, we have forsaken all, and followed thee; what shall we have therefore?

And Jesus said unto them, Verily I say unto you, That ye which have followed me, in the regeneration when the Son of man shall sit in the throne of his glory, ye also shall sit upon twelve thrones, judging the twelve tribes of Israel.

And every one that hath forsaken houses, or

> brethren, or sisters, or father, or mother, or wife, or children, or lands, for my name's sake shall receive an hundredfold, and shall inherit everlasting life.
>
> But many that are first shall be last; and the last shall be first." Ex. O, Matthew, 19, 16 - 30.

It was not until some time in 1983, more than a year after leaving the organization that I began to understand the wisdom of these words, and only in August, 1990 that I was led to follow them.

26. During my years inside the Scientology organization I was subjected to L. Ron Hubbard's very different philosophy and practices concerning treasure, value and his brand of ethics. In the few times he mentions God in his writings, Hubbard attempted to mock Him, and he ridiculed the thought of Heaven. In his "upper level" secret directives Hubbard wrote that Christ is an implant, a Scientology term meaning a fixed idea electronically installed by force and pain to control and suppress its human victim. In exchange for money paid for his pricey psychotherapy Hubbard promised the worldly treasures of increased IQ, better communication skills, power, physical health, and the ability to make even more money. Unable to deliver on these secular promises, however, Hubbard and his organization, in response to the thousands of people who have been defrauded and requested refunds pursuant to his "money-back guarantees," have employed an army of lawyers to con our courts with the idea that these representations are "religious" and the ill-gotten and often

extorted payments are "donations." Hubbard stated as his organization's financial "Governing Policy," MAKE MONEY.... MAKE MONEY. MAKE MORE MONEY. MAKE OTHER PEOPLE PRODUCE SO AS TO MAKE MONEY. The United States Tax Court thought this policy so noteworthy it quoted it in its official reports in Church of Scientology of California v. Commissioner of Internal Revenue, 83 TC 381 (1984) at 422. Hubbard and his organization justified their uncharitable policies and nature with a concept he called "rewarding downstats," which meant that the unable, infirm and poor should not be helped because helping such persons only rewarded them for being unable, infirm or poor. A related Hubbardian "truth" which permeated the organization was that people "pull in" the bad things which happen to them; that is, they bring upon themselves, or deserve, their difficulties or tragedies. This concept is used not only to excuse Hubbard and his organization's disregard for human suffering in all its forms, but to extol the suffering they have heaped on their "enemies." The attack on, for example, writer Paulette Cooper to ruin the woman (the organization's intelligence bureau under Hubbard's direction, in a scheme called "Operation Freakout," which had as its stated purpose to either get her imprisoned or driven insane, obtained through trickery her fingerprints on sheets of paper which were then used to send "anonymous" bomb threats to political figures) was right, "pro-survival" and "ethical," because Ms. Cooper pulled it in. While this idea supports the Scientological group psyche in its organization, and

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in the entity it presents as plaintiff and defendant in our courts, its policy, philosophy and psychology do not allow the application of the same idea to L. Ron Hubbard or to the power structure that replaced him after his death in January, 1986. It is forbidden inside the organization even to think a critical thought about Hubbard or Scientology, and grounds to be declared "fair game" to expound either the idea that perhaps he may have done something to pull in some of the names he's been called; e.g., bigamist, bully, charlatan, cheat, liar, megalomaniac, swindler, wife beater; or that just maybe some of the persons the organization attacks do not deserve it. This double and twisted standard that Hubbard implanted in the Scientological mind keeps the organization's employees and customers ignorant of wisdom and blind to the madness of their actions, words and appearance. But reasonable and rational non-Scientologists are not blind to these things, as shown herein in the Breckenridge decision (Ex. B) and the Ideman declaration (Ex. F). Hubbard was shrewd enough to understand that even to the brainwashed a persona of "egoism, greed [and] avarice" (Ex. B, p.9, 1.2) would trigger rejection; thus in public and in the legal arena he applauded his generosity and flatly denied the suggestion of inurement. In a public relations piece that went to every Scientologist in the world, and to any non-Scientologist who wanted one and many who didn't, he wrote that for all his work in saving mankind he was paid less than an average organization staff member. I was an average staff member during this assertion's international dissemination and I was paid between $4.30 and $17.20 per week. Hubbard paid himself untold millions. He had complete control of the organization and all organization bank accounts, and concocted amazing schemes for international money laundering; all while having his organization's personnel swear in civil litigation, criminal cases and official investigations that he had resigned as Scientology's director in 1966 and from that date had played no part in the organization's management. In keeping with his secret affirmations that "all men are my slaves," and "I have the right to use men's minds as I please," by which he programmed himself in the early days of his "development" of Dianetics and Scientology, he kept his workers impoverished while he ripped off millions illegally from the "charitable" corporations in which they labored. The new power structure has embarked on a glossy PR campaign in which it laments that all Scientology services aren't free and that it needs to charge what it does to "help create a safe and pleasant environment for everyone." A more accurate statement of the organization's fiscal philosophy is the article in the May 6, 1991 Time magazine, on the cover of which over an erupting octopodous monstrosity is blazoned "Scientology - Cult of Greed." I know personally a great number people who have been victimized, abused and ripped off and discarded for no other reason than to satisfy the power structure's avariciousness. It is my knowledge of this cult of greed and the threat its leaders think I am to their shaky house of fraud that has brought them and their attorneys to attack me so relentlessly. I acknowledge that it is possible to view the giving away of my possessions in 1990 as a reaction to the years of inculcation with Hubbardian greed and meanspiritedness; but I do not see it that way. Hubbard and his organization were never able to destroy in me my God-given nature. Even inside the organization, in circumstances which made charity, compassion and understanding dangerous activities, Hubbard and his enforcers were never able to achieve total suppression. They were not successful with me, and I believe it will be ultimately shown that they will not have been successful with anyone; nor is suppression of anyone by any regime, state or entity entirely successful. It is our God-given nature that brought every person into Scientology and the Sea Org, and willing to live, work, fight for a cause, and endure terrible abuse, without thought of profit, bank accounts, investments or retiring. In his abuse of that divine nature Hubbard proclaimed it a "high crime" to even discuss retiring with one's fellow Scientologist workers. My analysis is that the use of our highest nature by an individual or organization for purposes not in our best interest; that is to say, suppression, is not merely not religion, it is irreligion; and as irreligion it should be stood up to and seen for what it is. My position in the litigation is that by justice, law, this country's constitution, and God's Will, I am free to communicate that analysis in all the ways it can be said and by any means and media there are to say it.

27. I have considered myself a professional artist and

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writer since 1984. In the fall of that year organization operatives broke into the trunk of my car and stole a book manuscript with original art I then valued at $50,000.00. I demanded my things returned to me but the organization denied possessing them. I have recently been advised by former organization executive Vicki Aznaran that during a time when she was involved organizationally with its present leader David Miscavige in operations against "enemies," he acknowledged the organization's theft of my manuscript and scoffed at my work's literature. Also in the fall of 1984 the "Armstrong Operation," in which the organization had used one of its covert agents, Los Angeles spy story writer Dan Sherman, to get close to me to set me up in a number of situations, culminated in my being videotaped in conversations with two other organization agents, David Kluge and Mike Rinder. At the end of 1984 I split up with my wife Jocelyn, who had escaped with me from the organization in December, 1981, and in early 1985 I travelled to Portland, Oregon for the trial of Julie Christofferson v. Scientology, Multnomah County, Oregon Circuit Court, Case No. A7704-05814. During my cross-examination at the trial in April, 1985, the Armstrong Operation videotapes and the fact that Sherman, Kluge and Rinder, who had been presenting themselves as my friends, afraid for their lives, and seeking my help to reform the organization's criminal nature, were actually covert operatives intent on destroying me, were "introduced" by organization lawyer, Earle Cooley,. In September, 1985 I moved to Boston and worked at the

Flynn, Joyce & Sheridan law firm until the December, 1986 settlement. The organization continued to run operations against me during this period, I continued to write and draw, allowed God to work on my mind and heart, and in 1986 founded a church.

28. In January, 1987 I moved to Oakland, California, and then purchased a home in the Berkeley-Oakland hills where I lived until 1989 when I purchased a new home in the same hills. During this period I wrote and drew and followed what I prayed was guidance. I set up and worked out of an office, on the urging of Michael Walton incorporated TGAC, started running and helped whomever I could. Although I knew the organization still viewed me as an enemy and had attacked me in various ways after the settlement I did not become substantially reinvolved with it in the legal arena until the fall of 1989, and spent virtually no time until then on organization-related matters. I became an accredited Teacher of God during this period, and also was given my first glimpse of the resolution of the economic problems facing the world. This glimpse, which I wrote into an essay entitled "A Crash Course in Speculation," a copy of which is appended hereto as Exhibit P, was a step toward my renunciation, which itself is, I believe, an incident of planetary salvation. My reinvolvement with Scientology is described in my declaration of March 15, 1990 (Ex. G hereto), my declaration of December 25, 1990, a copy of which is appended hereto as Exhibit Q, and in the boxes of documents filed in the four Armstrong cases. I filed the December 25, 1990 declaration as an appendix to a response

brief in the appeal (B 038975) of the order unsealing the Armstrong I court file for Bent Corydon.

29. I first met attorney Michael Walton in about April 1982, shortly after we both began working at the law firm of Feldsott, Lee and Van Gemert in Newport Beach, California. We became friends and stayed friends when I left southern California, moved to Portland, Boston and the Berkeley-Oakland hills. We spent many hours together through those years and talked for many hours about many things, including my art, writings, inventions and philosophic ideas, and we considered doing various projects together involving these products or ideas. Mr. Walton was familiar with my Scientology history and litigation, the organization had taken his deposition in Armstrong I, claiming it was needed because he was for some matters my administrative senior in the Feldsott firm, and he attended several days of my trial in 1984. He has represented me in literary and legal matters and I have consulted with him on a number of occasions since that time. Before becoming a lawyer he taught English in university, he is a writer, and for a period of time before the December, 1986 settlement, considered writing a book himself about Hubbard.

30. One of the things I did with the money I was given in settlement of Armstrong I was to form a partnership with Fairfax architects Rushton-Chartak and San Anselmo builders Grizzly Hill Construction to purchase a rare piece of property at 707 Fawn Drive in the unincorporated land of Marin County and build

thereon a spec house, hereinafter "Fawn." I provided the initial capital, the work was done and the house completed toward the end of 1989. At the same time an unusual phenomenon in the California half-million-or-so dollar house market occurred; it dried up and crashed. For me all of a sudden it made economic sense to buy Fawn myself. When that idea arose, the idea of hooking up with Mr. Walton and doing some of our often-discussed projects together also arose, and fairly naturally, because he had been thinking about leaving the south and Fawn was a reasonably big house which could sensibly contain his law office, my business, our respective companions and his one-year old son. We arrived at an arrangement which worked for both of us, I sold my East Bay house, and the five of us moved into Fawn in May, 1990. I made the down payment for the Fawn purchase and put enough cash into a joint checking account to cover a year's mortgage and utilities payments. Although to a Scientologist, the organization's lawyers or other similarly hard-nosed business persons it can certainly be argued that I put more than my share of capital into Mr. Walton's and my venture, in which it would also be mainly my creations or ideas which would be commercially developed, and that there is therefore something wrong, suspicious or even fraudulent in so doing, to me these actions rather reflect rightness and probity. I was dedicated to my work being God's and to doing some creative projects with Mr. Walton, I had generally had a something different from ungenerous nature, and I knew, as expressed in my 1989 essay "A Crash Course in

Speculation," that money has no value. I don't deny that renunciation has significantly altered my numismatic largess.

31. Within a month or so of the move into Fawn, Mr. Walton's friend Jody and their son Dylan moved out, we got our offices functioning and spent a lot of time getting the house and yard functioning. I ran, and with my helpmeet Lorien Phippeny developed into demonstrated workability a program to have the world's runners clean the planet of its street litter. I joined a running club and bought a mountain bike. Before the move to Marin County Mr. Walton had already agreed to represent me in the organization's appeal (B 025920) from the Breckenridge decision, permission to respond in which I had already obtained from the Court of Appeal in February, 1990, and we filed a Respondent's Brief on July 9, 1990.

32. Also in February, 1990 I received an invitation from the IRS to discuss my 1987 tax return. The discussion did occur, the IRS issued an Information Document Request, and I responded on April 24 with a book which I have given the working title Auditing Gerald Armstrong. A copy of the manuscript along with its supporting documents, except for those which are already exhibits to this declaration, is appended hereto as Exhibit R. This complete book was produced by me on March 10, 1993 in attorney Wilson's office pursuant to the organization's request for production in Armstrong II. Mr. Wilson and the organization were therefore aware of the following facts from the Auditing GA manuscript before they filed the Armstrong IV complaint:

A. That I had written "A Crash Course in Speculation;"

B. That in July, 1987 I had offered to the captors then holding several hostages in Lebanon my interest in my house, and for that matter my life, without monetary consideration, and for reasons unrelated to the organization;

C. That in the summer, 1989 edition of Common Ground I had offered my philotherapeutic sessions at no cost;

D. That Nancy Rodes had declared under penalty of perjury on November 28, 1989 that she knew me to be a religious figure and had been my hagiographer since 1984; and,

E. That TGAC has never existed solely so that I may be "judgment proof."

33. Even though I was aware of Jesus's admonition to his disciples to not be troubled by wars and rumors of wars (Mark 13, 7; Luke 21,9), I was undeniably affected by the media images of Desert Shield as it built into Desert Storm and the international diplomatic drama that accompanied the military operations. I had already been moved, I felt, to enter the political and sociological landscapes, as, I believe, is shown by the letter to the captors, "Crash Course" and their recipients lists. I had also considered and argued in these other political matters - the hostages, the economy - that something could be done about them, and that what I thought could be done was, at least on paper, a better idea. It was not out of the ordinary or out of character, therefore, for me to consider that I could do something about Desert Shield, Desert Storm or the whole blessed Middle East. It

was at that time that the idea came to me to give away my worldly possessions and to give myself to the cause of peace. After some thought, I transferred my interest in Fawn to Mr. Walton, divided my one hundred percent ownership of TGAC equally between my friends Nancy Rodes, Michael Douglas, Lorien and Mr. Walton, and forgave all debts owed to me. I knew by this time that our Source is also the source of everything, including money, and that He would provide for me all that I would need to carry out His work. I also was fully aware that I was engaged with the organization on the legal battlefield, and, although I was confident of the outcome, I had no idea what would happen on the road toward that day. I recognized that the organization's ruling clique was motivated by the same forces of money, greed and power that made men war against each other and that my renunciation was spiritually directed at bringing peace for the organization no less than the rest of the world. And, as I stated above, I accepted the fact that should my legal battle with the organization continue I would more likely than conceivably litigate indeed in forma pauperis. I communicated my decisions to everyone directly affected by them, took care of the paperwork needed to make the decisions legally effective, and tied up various loose ends. It became clear to me that the renunciation had left me unattached and free to travel wherever I was called should I be. I gave my car to Lorien, but she returned it, and we took a trip together during September through the western states and British Columbia to develop a sociological concept that had come to me. When we returned to California Lorien moved to Santa Cruz and I, not then being called to go elsewhere, stayed at Fawn where I worked on some house and grounds projects, continued to maintain TGAC's office, and kept picking up trash. I also came up with what I thought was a good plan for resolving the Middle East crisis and I communicated this plan to various media and certain leaders or envoys I thought were in positions to do something about it. In my letter to Saddam Hussein of November 1, 1990 I offered, as I had with the Lebanese captors in 1987, to exchange myself for the hostages then being held in Iraq; but I did not sweeten the deal with my interest in a house, as I done in the earlier offer, because I had already conveyed it to Mr. Walton. Copies of this letter, my November 7, 1990 letter and list of addressees to which they went, my December 10, 1990 and January 10, 1991 letters are appended hereto as Exhibit S.

34. On December 28, 1990 I filed a response brief and appendix (Ex. Q hereto) in the B 038975 appeal (see paras. 14 and 28 above). On December 31, Mr. Walton married Solina Behbehani, and she and her teenage son Sephy moved into Fawn. Oral argument in the two appeals, B 025920 and B 038975 was heard on February 20, 1991. At some point during the months following my renunciation it became clear to me that I would go in the world wherever my help was asked for, and, as much as was sensibly safe, courteous and wise, provide my help without monetary remuneration. Initially only Mr. Walton asked for my help so I

had no reason to leave Fawn. Then Nancy Rodes asked me to help her complete and clean a house she had built in the Oakland hills, which I did through the spring of 1991. This worked well because she was broke and I worked for free. I returned to Fawn for a couple of weeks to complete a painting project I'd started earlier, then travelled to British Columbia for my parents' fiftieth wedding anniversary. While in B.C. I received a call from Malcolm Nothling in Johannesburg, South Africa who asked for my help in a lawsuit he had brought against the organization which was then set for trial in August. He said he had not been able to find anyone else in the world willing to testify about the organization's policies and practices. Having already put the organization on notice in February, 1990 that I considered the restrictions of the settlement agreement unenforceable, and after listening to Mr. Nothling's story, and because he asked, I agreed to help him. I told him, however, that I wanted first to see if his situation could be resolved peacefully without the waste and hatred which seem to be the hallmarks of the organization's legal confrontations. A copy of my effort, a letter to attorney Eric Lieberman, who represented the organization in the Armstrong I appeal and in many of its appellate matters, is appended hereto as Exhibit T. Mr. Lieberman sent me a letter rejecting my peace proposal, I flew to Johannesburg and helped Mr. Nothling, but did not testify because the organization was able to obtain a postponement of the trial.

35. Soon after my arrival back from Canada and just before

leaving for Johannesburg I got a call from attorney Joseph Yanny, who'd become a good friend over the previous year or more, and who had come into the case of Richard and Vicki Aznaran v. Scientology, US District Court for the Central District of California case no. CV-88-1786-JMI, after the Aznarans were tricked by the organization into firing their lawyer of more than two years, Ford Greene. The organization had immediately filed a mountain of summary judgment and other motions. Mr. Yanny said he needed my help. I travelled to Los Angeles in the few days I had before I was scheduled to fly to South Africa, on July 16 wrote a declaration, a copy of which is appended hereto as Exhibit U, concerning the effect of the 1986 "global settlement" on litigants against the organization and in the legal community, and generally helped out in the moral support department. Mr. Yanny is a member of my church and we have talked many times over the past few years on matters of the soul.

36. As I was leaving for South Africa I learned from Mr. Yanny that the organization had sued him for allegedly inducing me to breach the settlement agreement. In response to that charge, between planes in New York I wrote a declaration dated July 19, 1991, a copy of which is appended hereto as Exhibit V, in which I stated my philosophy regarding my calling to help.

> "But more than a desire to protect myself or right the organization's unjust acts towards me, however, I helped Mr. Yanny for the simple reason that he asked. I will do the same for anyone....It is not only the

> right of all men to respond to requests for help, it is our essence. If I was induced, therefore, to help Mr. Yanny, or anyone else, it was our Creator Who induced me."

The organization's lawsuit against Mr. Yanny actually claimed that he was representing me in Scientology-related litigation, which was, the organization also claimed, since he had for a period of time represented it in various matters, a breach of his continuing duty to it. Although I had consulted Mr. Yanny regarding some of my literary and artistic products and ideas, he had never represented me in any litigation and I had never consulted him about my organization legal battle. The organization's allegation that he represented me had no basis in fact and the complaint was dismissed.

37. While I was in South Africa the California Court of Appeal on July 29, 1991 affirmed the Breckenridge decision, and I learned that Judge Ideman in the US District Court had reinstated Ford Greene as counsel for the Aznarans. When I arrived back in the US I returned to Fawn and a day or so later dropped by Mr. Greene's office, which, as Heaven would have it, is maybe two and a half miles away in uptown San Anselmo. It became instantly clear that Mr. Greene, in a very tangible way, as much as anyone else in the world, really did need my help. He faced the Everest of motions, which the organization had filed when the Aznarans were lawyerless, with no time, no staff, no sleep, little organization, hopelessly in debt, hounded by creditors, his own

car held by a creditor garage. Again I achieved near perfect economic symbiosis: he had no money and I worked for free. To render it a truly irrefusible deal, I had wheels. I knew my way around a law office, had something of a history of document assembly, could run a photocopier, stapler and hole punch, answer a phone, and had an adequate command of the Canadian language. I was blessed with an understanding of the cultic manufacturers of the paper mountains that threatened to crush Mr. Greene, his office, and the Aznarans along with them. And I recognized that Mr. Greene, in spite of whatever had brought him to the point of desperation where he truly needed my kind of help, had a really good mind and heart, a unique talent, was, as I had begun to see we are, guided, and with great luck and hard work might survive. So I've been working with him, as his sole office support, since August 15, 1991. We have both survived, worked hard, taken a few hits, and Mr. Greene can now afford to pay me something and does. When things were really lean some other good friends have loaned me money, TGAC sold a couple of shares to still others, and always money has arrived, as God would have it, in His unmistakably mysterious ways. Mr. Greene has successfully defended me in the four cases the organization maintains against me and has helped me as I have helped him.

38. Immediately upon my return from South Africa I received a copy of a lawsuit the organization had filed August 12, 1991 against seventeen named United States agents, Church of Scientology International v. Xanthos, et al., US District Court

for the Central District of California, No. CV-91-4301 SVW(Tx). Included in the complaint, a copy of which is appended hereto as Exhibit W, was the allegation that:

> "The infiltration of the Church was planned as an undercover operation by the LA CID (Criminal Investigation Division of the IRS) along with former Church member Gerald Armstrong, who planned to seed church files with forged documents which the IRS could seize in a raid. The CID actually planned to assist Armstrong in taking over the Church of Scientology hierarchy which would then turn over all Church documents to the IRS for their investigation." (Ex. W. P. 14, l. 3)

Although I had seen this organization attack line in many forms and venues since 1985, this 1991 charge signaled to me that the organization was not about to peacefully end its legal and psychological war in which I was one of its most hated enemies. In recognition of that fact as well as logistical reasons I moved out of Fawn and into Mr. Greene's law office at the same time as I started working with him. Mr. Walton and I had already picked up organization surveillance at Fawn, his stepson Sephy was very troubled by the threat he perceived, everyone in the house felt threatened to some degree by the organization, and I did not want to bring any danger to this family, who were my dear friends and completely uninvolved with my Scientology conflict.

39. When I began working with Mr. Greene I almost

immediately picked up surveillance, and very shortly thereafter the organization began to attack with declarations and motions filed in the Aznaran case, accusing me of violating various court orders, illegal activities and acting as Mr. Yanny's covert agent in Mr. Greene's office. In response to this paper onslaught, on September 3, 1991 I wrote a declaration, a copy of which is appended hereto as Exhibit X, which was filed by Mr. Greene in Aznaran.

40. On October 3, 1991 the organization filed a motion in Armstrong I to enforce the settlement agreement, I opposed, and on December 23 at a hearing where I was represented by attorney Toby Plevin, Los Angeles Superior Court Judge Bruce R. Geernaert denied the motion. Judge Geernaert was familiar with the case, having inherited it after Judge Breckenridge's retirement and having unsealed the file on Bent Corydon's motion. On February 4, 1992 the organization filed Armstrong II in Marin County and on March 20 it was transferred to Los Angeles Superior Court. The organization brought a motion to enjoin me from violating the settlement and on May 28, 1992 Judge Ronald M. Sohigian entered a partial injunction, a copy of which is appended hereto as Exhibit Y, prohibiting me from assisting litigant claimants against the organization, but refusing to prohibit me from doing anything else the organization might consider settlement agreement violations. I filed an appeal from the Sohigian injunction, Scientology v. Armstrong, No. B 069450 in the California Court of Appeal, Second Appellate District, Division Four. At this date

the appeal has been fully briefed and is awaiting the scheduling of oral argument.

41. In October, 1992, stirred by the imminent national election, I came up with a plan for inspiring the peaceful transformation of the nation's, and the world's, economic system through the Organization of United Renunciants, hereinafter "OUR," which I had conceived of and founded some time earlier. I wrote a series of short essays on the plan and the thought underlying it and sent a pack of these materials to several political and media persons. A copy of OUR basic pack, including the list of its initial recipients, is appended hereto as Exhibit Z. In one of the essays entitled "OUR Deadline" I wrote:

> "George Bush's deadly deadline to Saddam Hussein gave me the idea of issuing OUR deadline. The fact that it was OUR deadline resulted in the Organization of United Renunciants. Organizing renunciants made sense because I had, in August 1990, as a result of understanding the Persian Gulf crisis, and accepting the idea of renunciation as guidance, given away all my money, real estate, paper holdings and personal effects and forgiven all debts owed me."

42. On November 11, 1992 the Marin Independent Journal published an article entitled "Is money the root of problems? Critic of cash, credit urges monetary abolition," a copy of which is appended hereto as Exhibit AA, dealing in manifestly good humor with my economic idea and OUR plan for its implementation.

IJ reporter Richard Polito writes:

> "Fellow renunciants will renounce all cash and credit, stop taking money, forgive all their debts and stop keeping financial records.
>
> The critic of credit has already put his money where his doubts are. He gave it all away. And it was more than pocket change.
>
> Armstrong won an $800,000 settlement in a harassment suit against the Church of Scientology six years ago." (Ex. AA)

43. Because the Nothling case was then set to go to trial in February, 1993, on December 22, 1992 I again wrote to the organization to see if a communication from me could initiate a peace process. A copy of my letter, addressed to David Miscavige, the person who in every sense can order anything within the organization or its corporate, financial or legal affairs anywhere in the world and enforce compliance with all such orders, is attached hereto as Exhibit BB. I sent copies of the letter to an extensive list of people I thought should be apprised of its content. Having been accused by the organization so stridently for more than a year of "fomenting litigation" against it, I made a special point and, I think, an honest effort, in this letter, and in my other communications, to unfoment its litigation. I include in the letter a statement of an aspect of my belief, which, I believe, is central to understanding the organization's conflict with me.

> "I believe that everyone will become a person of good will, that everyone already is, has been and will forever be, that there is progress and perfection, hope and reason, that to know who we are we must accept the truth of our relationship to our Creator, that all about us that we made is illusion, that we have reason to be grateful that is so, that our Creator, God, our Father Loves us in the same Love by which He created us and holds us always safe and always loved in that Love, that we, His children, are one and One with Him, that the means by which He is remembered, and hence our relationship, and hence who we are, and hence what we know, is forgiveness, that forgiveness is the recognizing of illusion for what it is, that creation is our nature, and that everything is all there is."
>
> (Ex. BB, p. 10)

The organization appears in its statements and efforts to view me as competition in what it claims as its niche, which it calls "applied religious philosophy," in what it apparently perceives as the salvation market. Appended hereto as Exhibit CC, for example is a copy of an organization directive in which I am labelled a "squirrel," a hate word the organization uses for people it considers its competition. Hence it seeks to destroy my reputation and resorts to outrageous legal shenanigans to have me judicially silenced. In truth, although some of what I say or do could be construed as applied religious philosophy, I have never used this description. I do not compete with Scientology for anything, and certainly not for its paying customers. I promote the philosophy that salvation is free, and the organization promotes a philosophy that says that the only workable means of salvation costs a certain, and generally escalating, quantity of money, or, for its employees, a certain number of years of labor, and that the organization possesses and owns said only workable means and the only workable delivery system. My philosophy is owned by everyone, and the living God is its Source, as He is of everything. Scientology proclaims that its deceased leader L. Ron Hubbard is salvation's source. I neither sell nor use the organization's philosophy and my delivery system is different in every way from the organization's. If people want to pay for salvation and take something not indistinguishable from a significant amount of time getting saved they can go to Scientology. Those who want immediate salvation without any sacrifice or cost whatsoever can come to me. The organization does not even accept as customers anyone who believes that salvation is available right now without sacrifice, so I am in no way a competitor. The organization banks on the idea that there are people who want to pay money for salvation, so it promotes to that paying public. I bank on the idea that we're already saved, so for Heaven's sake don't spend good money on it. Since I am not looking for anyone who wants to pay for salvation, and do not even consider that if someone feels he wants to pay for it I have something to sell him, I truly am not in competition with the organization. There are, admittedly, probably more people who want salvation to be free than there are who want to pay for it, but that is just the way Providence has dealt out preferences for freedom versus cost. Also admittedly, in a strictly business sense my philosophy has another undeniable advantage because in this world everyone can afford the salvation I offer; whereas those who can afford Scientology's road to salvation, without even taking into account the desire to devote the time the organization says is required, are considerably fewer in number. But the organization enjoys certain advantages as well because of its administrative structure and technology; for example, its policy prohibiting its customers from mixing practices. Once people become Scientology's customers the organization will not permit any to come to me to be saved and continue on its salvation program, what it calls the "bridge to total freedom." In fact the persons I had saved would not even be allowed to continue to hang out with their Scientologist friends, and those Scientologists would be prohibited from hanging out with their former friends once I've saved them. Those kinds of prohibition wouldn't work well in my delivery system, so anyone I save is at liberty to jump ship and take up Scientology's cross, and still, as far as I and my philosophy are concerned, hang out with me or anyone else in the world. This does not put a great strain on me, it's true, because in my system, as stated above, salvation doesn't take time, nor does it have to be repeated. There is, of course, the matter of the other people the organization also rejects and refuses to save even if they could afford the program; for example, drug users, the mentally ill, convicted felons, present criminals, shock victims, critics, people declared suppressive persons and people connected to people declared suppressive persons. Thus there may be some crossovers, but it is silly of the organization to complain because I save those souls it rejects. By its Suppressive Person Declares in 1982 (see, Ex. C, p. 920), the settlement agreement in 1986 (Ex. D), and its lawsuits to enforce the agreement up to present time, the organization has sought to prevent me from having access to its means of salvation and delivery system. The settlement agreement required that I

> "never again seek or obtain spiritual counselling or training or any other service from any Church of Scientology, Scientologist, Dianetics or Scientology auditor, Scientology minister, Mission of Scientology, Scientology organization or Scientology affiliated organization." (Ex.D at p. 10)

If persons are rejected by Scientology because they had a criminal conviction, took LSD, testified truthfully in organization litigation, are crazy, or were, as I had been, declared a suppressive person, and such persons still want salvation, they can come to me. I save everyone and believe there is nothing anyone can do to prevent his being saved. I simply do it for free, whereas the organization charges its customers to do it to them. Clearly, Scientology has its public and its market and I have mine. I do not advertise to those who want to pay for salvation so there is no way I can possibly threaten the organization's customer pool. In fact I don't advertise even to those who want salvation at no cost, but simply trust that God will lead to me, without charge, those people I am to save. If Scientology moved into my field and started saving people without cost of any kind, it would conceivably have a reason to view me as competition and consequently would have an excuse to ruin my reputation and have me judicially restrained from practicing my profession. I think that if the organization really were to move into my technological field, however, it would see that it's wide open and there are more than plenty of customers who don't want to pay for salvation, can't, or both, to go around. I tried the organization's philosophy for a meaningful number of years, and because I am intellectually sound, observant, trained in wisdom, and willing to talk and testify about my observations and can form reasoned opinions thereon, I am, in the litigation world, an expert therein. It goes without saying that when lots of people are willing to talk about their organizational observations I will cease to be considered an expert. But even until that day dawns, although I am an expert in what the organization sells as its means to salvation, I am not in competition with it. There is no reason for it to feel threatened by my beliefs or my salvatory methodology, and no reason for it to vilify me or work so assiduously to get some court to silence me. I follow the system perfected by Jesus Christ which is not even in competition with nothing or no one.

44. On December 31, 1992 the organization filed an ex parte application in Armstrong II for an order to have me held in contempt of court. The application and the supporting declaration of attorney Bartilson, along with the exhibits thereto, except those which are already exhibits to this declaration, are appended hereto as Exhibit DD. Exhibit G to the Bartilson declaration is my December 22 letter to David Miscavige (Exhibit BB hereto), and exhibit R is a copy of the November 11 Marin Independent Journal article (Exhibit AA hereto). Ms. Bartilson also attaches to her declaration a few excerpts from my depositions, correspondence from Ford Greene regarding three of his clients, Tillie Good, Denise Cantin, D.O. and Ed Roberts, all of whom had claims against the organization for refunds of money extorted from them, the transcript of a video interview I did in November, 1992, and two proofs of service I signed in the Aznaran case. Ms. Bartilson charges that these things add up to six violations of the Sohigian injunction and that for each of said violations I should be fined and jailed. In her application, citing to the Independent Journal article, Ms. Bartilson argues:

> "The Court should exercise all of its available powers to impress upon Armstrong that its orders mean what they say and will be enforced, despite the intransigence of an enjoined party. Indeed, incarceration is an unusually viable vehicle for

> impressing upon Armstrong the import of his obligations, inasmuch as Armstrong has publicly disavowed money as a meaningful commodity." (Ex. BB, Memorandum p. 13)

Although in Armstrong II the organization used my renunciation to support its effort to have me jailed, in Armstrong IV the organization omits any mention of renunciation, claiming instead that my giving away of my assets were fraudulent conveyances to render me judgment proof, and that in fact I still owned and controlled those assets, and was presumably rolling, albeit quietly, in dough. The organization is in error in both of its scenarios. My conveyances were not fraudulent, and because I may have disavowed money is no reason I should be incarcerated.

45. Appended hereto as Exhibit EE is a copy of my declaration dated February 2, 1993 and the exhibits thereto which I wrote in response to Ms. Bartilson's December 31, 1992 declaration and application for the order to show cause re contempt (Ex. DD hereto). Exhibit F to my declaration and described therein at page 24 is a page from the organization's November 1992 edition of its publication "Membership News," which it uses to attack the Cult Awareness Network, hereinafter CAN, an organization which educates the public about destructive cults including Scientology and provides support to families broken apart or hurt by such destructive cults. Although the article is only a common, Scientologically standard, fair game, bald-faced, Black PR smear of CAN and me, it again shows the organization's

recognition of my monetary philosophy and renunciation.

> "Armstrong has some odd financial ideas. He is the self-proclaimed founder of the "Organization of United Renunicians." In November 1992, the Marin Independent Journal attempted to explain Armstrong's philosophy of life in an article "Is money the root of all problems?"" (Ex. F to Ex. EE hereto)

My February 2 declaration was not filed in Armstrong II because it was felt the organization's effort to have me held in contempt could be defeated without my testimony. I did file a declaration, a copy of which is appended hereto as Exhibit FF, executed on February 11, 1993 by former organization covert operative Garry Scarff. Mr. Scarff had been involved in operations against Mr. Greene and me with the organization's head private investigator, Eugene Ingram, identified in paragraph 15 above.

46. On March 5, 1993 at a hearing on the organization's contempt attempt, a copy of the transcript of which is appended hereto as Exhibit GG, Los Angeles Superior Court Judge Diane Wayne refused to rule because the appeal from the Sohigian injunction was still pending. She did, however, make a couple of comments about the injunction's enforceability which, if nothing else, ought to have been taken to heart by the organization.

> "THE COURT: It seems to me ridiculous to hold this hearing prior to a determination whether or not this is a valid order. I mean, I have serious questions about

> the validity of the order.... (Ex. GG, p. 2)
>
> I'll tell you, when I first looked at this order, I thought the order was clear until I then read part of the transcript. Then it became unclear to me. And I think that is in front of the appellate court, whether or not this is an order capable of being followed, because Judge Sohigian's comments that at least confused me a little bit." (Ex. GG, p. 6)

47. On March 22, 1993 LA Superior Court Judge David A. Horowitz, who presides over Armstrong II for all purposes except the enforcement of the Sohigian injunction, granted my motion to stay all proceedings pending a decision in the appeal of the injunction. In his order, a copy of which is appended hereto as Exhibit HH, he stated:

> "The central issue of this case is the legality and validity of the [1986 settlement] Agreement. The Court of Appeal could certainly reach that issue in its determination of the validity of the injunction. If it does, that ruling could be determinative of many of the issues of this case. It makes no sense to proceed with this matter until the Court of Appeal makes its ruling." (Ex. GG)

48. On March 18, 1993 I made an agreement with Bob Carlson, the producer of a talk show, "Lifeline," on a Christian religion radio station, KFAX, in Fremont, California, to be a guest on the show on April 28. When I arrived at the station on that date,

the host Craig Roberts handed me a fax letter received a few minutes earlier from Ms. Bartilson, a copy of which is appended hereto as Exhibit GG. In the letter, which is addressed to me, Ms. Bartilson threatens more litigation if I did the show.

> "Should you appear on this radio show in violation of the Agreement, the Church of Scientology International will pursue all remedies within the judicial system to obtain damages form the violation and/or to enjoin any future violations of a similar nature."

Mr. Roberts said that because the letter also threatened the station with litigation should I go on the show, and because although the station had called its attorney it had not spoken to him, I would not be on the show. I responded to Ms. Bartilson on May 3 with a letter, a copy of which is appended hereto as Exhibit HH.

49. On June 4 I executed a declaration, a copy of which, along with the exhibits thereto except for the Breckenridge decision, is appended hereto as Exhibit II, in support of a special motion to strike the complaint in the case of Church of Scientology of California v. Larry Wollersheim, LA Superior Court No. BC 074815, hereinafter "Wollersheim II." In 1986 Lawrence Wollersheim had won a thirty million dollar judgment in the case of Wollersheim v. Scientology, LASC No. C 332027, hereinafter "Wollersheim I." The organization had appealed and the Court of Appeal, while castigating Scientology's fair game doctrine and coercive use of its psychotherapy techniques, reduced the award

to two and a half million (Wollersheim v. Scientology (1989) 212 Cal. App. 3rd 872; 260 Cal. Rptr. 331.) The organization had taken the judgment up to the US Supreme Court, back again to the California Court of Appeal, and on a trip or two to the California Supreme Court. Then on February 16 1993, shortly after the Wollersheim I trial judge Ronald Swearinger died, the organization filed Wollersheim II, seeking to have the original judgment set aside by alleging that Judge Swearinger had been biased against the organization in the 1986 trial. My June 4 declaration focuses on my observations and knowledge of the organization's litigation practices, which had clear relevance to what it was trying to do in Wollersheim II.

> "Scientology regularly attempts to bludgeon the opposition into submission with a blizzard of meritless paper, motions, depositions, appeals, writs, Bar complaints, criminal complaints, perjured testimony, and other improper and abusive tactics.
>
> I am also aware that Scientology uses an attack strategy against judges who rule against it, which includes claims of bias and prejudice and frequently personal attacks. For instance in [Armstrong I], Scientology twice tried unsuccessfully to disqualify Judge Breckenridge from the case because of his alleged bias, and levied personal attacks on him, accusing him publicly of Nazi affiliation. Similarly in Aznaran ... Scientology unsuccessfully attempted to recuse Judge

James Ideman because of alleged bias." (Ex. II, p. 5)

50. On July 26, 1993, attorney Bartilson filed another application in Armstrong II with Judge Diane Wayne seeking to have me held in contempt for providing the declaration to Mr. Wollersheim. The application and Ms. Bartilson's charging declaration are appended hereto as Exhibit JJ. Ms. Bartilson supports the application with the same shoddy argument she used in her December 31, 1992 application, that when I state in my June 24, 1992 deposition that I have no intention of honoring the settlement agreement I am talking about the Sohigian injunction. (Ex. JJ, Memorandum p. 2; Ex. BB, Memorandum p. 3, l. 3; Ex. BB, Bartilson Declaration, p. 2, l. 26; See also Ex. CC, p. 1, para. 3) She concludes that:

> "Gerald Armstrong should be ordered to show cause why he should not be held in criminal contempt of this Court for his June 4, 1993 declaration, with punishment in the form of a fine not to exceed $1,000.00 and/or jail time not to exceed five days as this Court sees fit."

51. Appended hereto as Exhibit KK is a copy of my memorandum filed September 7 in opposition to Ms. Bartilson's order to show cause re contempt. Mr. Greene argues in the opposition that:

> "It is clearly discernible that, whatever infirmities intrinsic to the injunction there are, Armstrong is prohibited from "voluntarily assisting" persons with

claims "against" Scientology. In other words, Armstrong is prohibited from assisting private litigant plaintiffs in litigation in which Scientology is a party." (Ex. KK, p.4, l. 3.)

"For the purpose of the instant application, the only salient point is that in Wollersheim II, Scientology sued Wollersheim. Therefore, any assistance provided by Armstrong to Wollersheim in Wollersheim II is outside the scope of the Sohigian injunction." (Ex. KK, p. 5, l. 8)

52. Apparently undeterred by Mr. Greene's illumination of the facts, on September 10 Ms. Bartilson filed a response, a copy of which is appended hereto as Exhibit LL, defending her effort to have me found in criminal contempt with the assertion that because Mr. Wollersheim had been a claimant in Wollersheim I I was prohibited by the Sohigian injunction from assisting him in Wollersheim II where he is a defendant. She bolsters her argument with the amazing pronouncement that the 1993 action, Church of Scientology of California v. Larry Wollersheim, "is not litigation levelled "against" Larry Wollersheim." (Ex. LL, p. 3, l. 12).

53. In support of her response to my opposition, Ms. Bartilson filed a letter dated August 15, 1993, a copy of which is appended hereto as Exhibit MM, that I wrote to attorney Wilson in an effort to mitigate damages and initiate a peace process in the Armstrong IV case. Ms. Bartilson quotes in her response a

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funny few sentences from the letter, my riposte to Mr. Wilson's stab, itself not altogether unhilarious, in Armstrong IV that "[b]eginning in February, 1990, and continuing unabated until the present, Armstrong has breached the Agreement..." (Ex. A, p.7, para. 22) Ms. Bartilson interprets my humor and letter as something radically different from the way I see them.

> "This contemptuous response to the 1986 settlement agreement (pursuant to which he happily accepted more than $518,000.00) and this Court's orders are precisely why Armstrong has been ordered to show cause herein. CSI seeks this Court's help in demonstrating to Armstrong that he will, indeed, be held accountable for his wrongful actions, and that they must cease." (Ex. LL, p. 5, l. 13)

Actually my letter contains no mention of the Sohigian injunction or any other of "this Court's orders." It does, however, contain another effort to unfoment the organization's litigations.

> "So again, I extend to you and to your client the invitation to meet with me honestly and openly for the purpose of communication towards the resolution of our conflicts." (Ex. MM, p. 5)

Mr. Wilson has not answered my letter, and, as it has done with me for almost twelve years, the organization refuses to communicate, other than through its barbarous attorneys' judicial barrages or its covert agents' duplicitous prattle.

54. At a hearing on September 14 Judge Wayne, because the

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Court of Appeal had still not ruled in the appeal from the Sohigian injunction, again refused to entertain the organization's application to have me held in criminal contempt, and reset the hearing on the two orders to show cause for December 6. This hearing has now been continued again to April 6, 1994.

55. TGAC, defendant in Armstrong II, III and IV, possesses, cares for and commercially develops my products and is in the business of peace. Appended hereto as Exhibit NN are pages from Pacific Bell's Marin yellow pages for 1992 and 1993, wherein TGAC is listed in the category "peace organizations." TGAC also provides philosophic services in a number of other areas of human endeavor and understanding, such as law, religion, health and economics. It is a unique company with unique, both banausic and beneficent products. It has not yet become financially profitable, but I believe that is merely a matter of time, and I am not unhappy that TGAC's buildup toward profitability has taken the form, route and time that it has. It has also become apparent to me that the litigation in my life may very well require resolution before TGAC is free to tackle the problems and projects for which it was created. But no matter what conspiracy theories the organization and its lawyers fabricate, TGAC was not created to have anything to do with it, its litigation or its philosophy. TGAC's founder, owner, president, manager, senior baker and vice president for questions and loopholes, just happened to be a person with a long,

intense history with the organization, which has its own long, intense history. No matter what kind of business I had gotten into I would have brought with me the same history; which is now, six years and three more Scientology lawsuits later, even longer and no less intense. No matter what kind of business, or enterprise, profession, career or club, I had gotten into the organization would have carried out the same set of post-settlement fair game sillinesses to keep me involved with its litigation and its leaders. I happen to have been given certain talents, knowledge and identity by my Creator. I am a writer, thinker and artist, and thus my words, art and ideas exist, and some of them TGAC happens to own and possess, and, God willing, will develop commercially.

56. When I activated TGAC at the beginning of 1988 I transferred to the corporation all my writings, artwork, files and office equipment and supplies that I had previously owned in my sole proprietorship. At that time I owned all TGAC stock, TGAC owned all my archive materials, and I had an arrangement with TGAC whereby my products and acquisitions of an artistic or literary nature passed to the corporation as I produced or acquired them. Because the organization had continued to attack me following the December, 1986 settlement, because I am connected to many people with an interest in the resolution of the organization's war on justice and innocence in our society, and because I have been placed in a position to do something to bring about that resolution, a certain quantity of my literary

acquisitions have been organization-related materials. In the fall of 1989, after the series of threats from organization attorney Heller, I made a determined effort to acquire whatever organization-related materials I could, sensing that they would be needed in the attacks I also sensed were coming. In August, 1990, at the time of my renunciation, I split TGAC's stock into four shares and gave them away with the rest of my assets as described in paragraph 33 above. I had the hope and belief, which I still retain, that TGAC would be a commercial success, and that the four owners, all close friends of mine, would benefit monetarily and have a lot of fun with the corporation. I continued as TGAC's president, continued to produce, and TGAC continued to care for its growing archive. From the organization's actions and statements in the Yanny II litigation, wherein it had taken my deposition on several days in late 1991 and early 1992, and its actions and statements in the Armstrong II litigation, where it had served a subpoena duces tecum on the corporation, it became clear that the organization was going to try to get its itching mitts on TGAC's archive, invade its privacy and attack it as a way of attacking me. On June 22, 1992, at a special meeting of TGAC's directors, it was therefore decided, in order to remove any reason for the organization to attack the corporation, to transfer to me, Gerald Armstrong individual, everything in TGAC's archive which related to the organization or my litigation, and this transfer was effectuated the same day. I still sensed that the organization was not going to be dissuaded from its kamikaze course, and I still wanted to protect TGAC's owners, whose only crimes were being my friends and accepting my gift of stock certificates. I knew as well by this time that the organization's leaders are paranoid, schizophrenic, proudly describe themselves as "ruthless," and would destroy any innocent person if it served their purpose in attacking me. On June 23, therefore, I met with each of the four who each decided at that time to give back to me his or her shares. In that way these people would not become targets in the organization's mad litigation war, and I would have the freedom, as TGAC's major stockholder and president, to fight the war on behalf of the corporation as I was called. Two of the four, Michael Douglas and Nancy Rodes, had signed settlement agreements similar to mine with the organization in December, 1986, so were particularly vulnerable and worried in the organization's attempt to make TGAC its litigation enemy. In August, 1990 each of the four had received one share. In early, 1991 by agreement between the shareholders, the four shares were split into one hundred, and each shareholder had given 5 shares to the corporation to sell to finance its operations. Thus on June, 23, 1992, I received back eighty percent ownership of TGAC (see also para. 21, supra, and Ex. L, p. 556, 557). This proved to be a divinely timed move because on June 24 I was served with the organization's amendment to the Armstrong II complaint, naming TGAC as a defendant. Because of my financial condition and the stress of the organization litigation, which has rendered me over the past three years completely incapable of dealing with certain clerical tasks, which even ordinary people who are not fair game's targets can easily perform, TGAC owes the IRS and the Franchise Tax Board a couple of years' returns, but that is only a temporary situation, which I expect to resolve in the next few weeks. Yet even TGAC's failures to file seem to be divinely timed because it surely disproves Mr. Wilson's Armstrong IV attack line that "[T]GAC exists solely so that Armstrong may be "judgment proof" (Ex. A. p. 5, l. 7). Only a madman would, when assaulted by this organization's litigation machine and needing to be judgment proof, let his judgment-proofing corporation approach suspension. I am neither mad nor in need of any protection from any judgment the organization imagines in its wild dreams it might obtain. I own eighty percent of TGAC, and TGAC owns a body of literature and art with considerable present value and potential. It owns the rights to a number of my projects and products, including whatever can be owned of the Formula for the Unified Field, which I was given not long after August, 1990. TGAC has a history and a lot of good will. TGAC did not invite the organization's attacks, and even urges the organization to dismiss all the litigation it has fomented against TGAC. Nevertheless, TGAC will undoubtedly garner more good will, good PR and societal acceptance as a result of the organization's attacks, because society often judges one's worth by one's enemies. Although no one should have to have enemies, the organization's power structure, being so villainous, is, in the minds of the vast decent human majority, the best kind of enemy to have. TGAC's present value is in the neighborhood of fifteen trillion dollars, so the organization's claim of four point eight million is monetarily insignificant. Nevertheless, and but for other reasons I will fight this battle.

57. The organization filed the Armstrong IV complaint July 23, 1993 and the case was assigned to Marin Superior Court Judge Gary W. Thomas. It served a lis pendens on me on August 8 and then recorded it encumbering the Fawn property, which, as evidence of God's Great Humor, the Waltons, were that very moment refinancing. On August 9 the organization mailed me a request for production of documents, a copy of which is appended hereto as Exhibit OO, asking for a hell of a lot of things, including everything I've written from the beginning of time, and not unemphatically for the treatment for a screen play entitled "One Hell of a Story," which I'd written and registered in the spring of 1993, and for the authorship of which the organization was claiming liquidated damages in the Armstrong III lawsuit in Los Angeles. On September 16 the organization mailed out another request for production of documents by me, and similar requests to Mr. Walton and TGAC, seeking, inter alia, every financial record we possessed back a year before the December, 1986 settlement. After some extensions to figure out what under Heaven we were going to do about the crazy-scary Armstrong IV lawsuit, on September 30 Mr. Walton filed a demurrer and motion to strike the complaint, and on October 4 I filed a motion to

commence coordination proceedings, followed on October 28 by an amended motion, asking, because IV depends on the outcome of the LA cases and shares with them common questions of fact and law, to have Armstrong IV transferred from Marin to LA Superior Court and coordinated with II and III . On October 21 Solina Walton filed a motion to expunge the lis pendens, and on October 29 Judge Thomas signed an order of expungement and awarded Mrs. Walton $3500.00 in attorneys fees. On November 5 the organization filed its opposition to the motion to commence coordination proceedings, I filed a reply on November 9, and on November 10 in a pre-hearing minute order, a copy of which is appended hereto as Exhibit PP, Judge Thomas denied the motion, ruling, as again Humor would have it, that "[t]here are no common questions of fact or law between this action and the Los Angeles County actions." On November 12 the organization filed an opposition to Mr. Walton's demurrer and motion to strike and on November 17 he filed a reply supported by a declaration, a copy of which, along with the exhibits thereto is appended hereto as Exhibit QQ. In his declaration, Mr. Walton describes our relationship over the years and the relevant events in our Fawn period together. Exhibit D to his declaration is a letter I wrote to him on August 14, 1990 in which I stated my intention to give away my worldly possessions and forgive debts owed me and laid out my immediate plans. Exhibit E is a letter I wrote to him on August 23, 1990 while I waited in Marin Traffic Court for my failure-to-obey case at which the charging chippy didn't show.

In the letter I list various physical items then at Fawn and state my intention for their disposition. On November 18 in a pre-hearing minute order, a copy of which is appended hereto as Exhibit RR, Judge Thomas overruled the demurrer, and denied the motion to strike, stating that:

> "this action does not seek or require a determination that Armstrong breached the settlement agreement. Thus, this action is not simply an attempt to avoid the (stay) orders in the Los Angeles County actions."

On November 30 the organization filed motions to compel the production of the documents requested from Mr. Walton, TGAC and me. A hearing on those motions is now set for January 21, 1994. On November 30 I filed my verified answer, a copy of which is appended hereto as Exhibit SS, the verified answer of TGAC, a copy of which is appended hereto as Exhibit TT, and a verified cross-complaint for abuse of process, a copy of which is appended hereto as Exhibit UU.

58. The only remaining document relevant to the Armstrong IV lawsuit, other than letters to the other people in my life whose debts to me I forgave in 1990, which I will not include so as to not put them at risk, is my prayer and answer thereto dated August 13, 1990, a copy of which is appended hereto as Exhibit VV.

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I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed at San Anselmo, California, on January 13, 1994.

GERALD ARMSTRONG

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RECEIV
CATHY A. CATTERSO
U.S. COURT OF AP
JUN 21 19
FILED 6/21
DOCKETED 6/25
DATE

ORIGINAL

DOCKETED

DECLARATION OF HON. JAMES M. IDEMAN

I, James M. Ideman, declare as follows:

1. Portions of this petition will become moot because I have decided to recuse myself from this case. Plaintiff has recently begun to harass my former law clerk who assisted me on this case, even though she now lives in another city and has other legal employment. This action, in combination with other misconduct by counsel over the years has caused me to reassess my state of mind with respect to the propriety of my continuing to preside over the matter. I have concluded that I should not. I have delayed the effective date of my recusal, however, so that I could respond on behalf of my court to the allegations in the petition.

2. I should say at the outset that this case should soon be concluded in the District Court and thus available for appellate review. I am confident that such a review will reveal that the plaintiff's claims raised in this petition are groundless. I would strongly recommend that any definitive appellate action be deferred pending a thorough review on appeal and that years of work not be wiped out by granting petitioner's extraordinary writ.

3. The past 8 years have consisted mainly of a prolonged, and ultimately unsuccessful, attempt to persuade or compel the plaintiff to comply with lawful discovery. These efforts have been fiercely resisted by plaintiffs. They have

utilized every device that we on the District Court have ever heard of to avoid such compliance, and some that are new to us.

4. This noncompliance has consisted of evasions, misrepresentations, broken promises and lies, but ultimately with refusal. As part of this scheme to not comply, the plaintiffs have undertaken a massive campaign of filing every conceivable motion (and some inconceivable) to disguise the true issue in these pretrial proceedings. Apparently viewing litigation as war, plaintiffs by this tactic have had the effect of massively increasing the costs to the other parties, and, for a while, to the Court. The appointment of the Special Master 4 years ago has considerably relieved the burden to this Court. The scope of plaintiff's efforts have to be seen to be believed. (See, Exhibit "A", photo of clerk with filings, and Exhibit "B", copy of clerk's docket with *81* pages and *1,737* filings.)

5. Yet, it is almost all puffery -- motions without merit or substance. Notwithstanding this, I have carefully monitored the Special Master's handling of these motions. I saw no need to try to improve on the Special Master's writings if I agreed with the reasons and the results. However, with respect to the major ruling that I have made during these proceedings, the dismissal of the plaintiff's claims, the following occurred:

6. The Special Master, after years of efforts to compel compliance with discovery, purported to order a dismissal of plaintiff's claims. Although the action was probably long overdue, the Special Master did not have the authority to make such a dispositive order. In reviewing his order, as I did with all of his actions, I saw what he had done and did not approve it. I treated the Special Master's "order" as a recommendation and gave notice to the parties that they could have a hearing and invited briefs. Only after considering fully the briefs of the parties did I give approval to the dismissal. It is true that I adopted the language chosen by the Special Master, but that was because I fully agreed with his reasoning and saw no need to write further.

7. Plaintiffs are unhappy with Judge Kolts and me for insisting that they comply fully with discovery or forfeit their case. For this reason they wish to have our work set aside and begin anew with another judge who may, they hope, permit them to litigate their claims without complying with discovery, or, perhaps, to further punish the other parties with more years of expensive litigation. This they should not be permitted to do, especially by means of the limited review possible on an extraordinary writ.

8. I respectfully recommend that the petitioner's claims that are not mooted by my withdrawal from the case be denied without prejudice to review of same upon appeal.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 17th day of June, 1993 at Los Angeles, California.

James M. Ideman
United States District Judge

A CRASH COURSE IN SPECULATION

The crash of '87 demonstrated at least one fact: money has no value. In a breath of history a trillion dollars disappeared, and nothing changed.

Some say the crash is back, and some say it's a matter of time. Some fear a crash will lead to panic, and some that panic will lead to a crash. In truth there isn't even fear to be feared.

But if the crash comes, or even if there's a panic, I have a solution: give money its real value, nothing. Have nothing to do with money. Accept no wages and pay no bills. Neither give nor receive money, for it has no value.

I am not urging a cashless, credit-based economy, for credit, based on money, is as worthless as cash. Nor am I arguing that money is the root of all evil, because evil is, like money, in reality, nothing. I am, however, suggesting that if our society is looked at closely and with hope in mind and heart it just might be observable that the elimination of money need not have a downside; i.e., it does nothing. And the ideal time for such a shift in perception to occur is when money can seem to be all important, at the point of greatest financial crash and panic.

I am not the first philosopher to note money's illusory nature nor to propose its elimination. In earlier times, however, money appeared to make more sense, society seemed to need it, and those who had accumulated lots of it were somehow successful in convincing those who had less that they were poorer, less secure, and should do what those with the lots wanted in order to get more. Now there is computerization, robotization and instant communication. Now money can go and not be missed.

It can still be collected, because collectors will, if they wish, continue to collect. Car makers can make cars, builders can build, truck drivers can drive, and farmers can farm, because that's what they do. Police can still bring law and order and PG & E can still provide power. Even the government can still govern. Mark and Jose can bash baseballs and each other and Rickey can still steal bases.

On the other hand thieves might not want to steal if there wasn't any money in it. The war on poverty can be declared won as everyone's real wealth will become obvious. The war on drugs would go the same way as there would be no one to sell to or buy from. Who would backhaul deadly chemicals in food containers if the illusion of economic advantage was removed? Traffic problems disappear and environmental issues can be resolved. The homeless can have the banks, brokerages and insurance companies; in fact the whole financial district. Brokers, bankers, investors and insurance agents can do whatever they want. No more deficit, no more taxes, no more stock market, no more crashes.

I am not advocating anarchy, but believe it can easily be avoided if when the urge to panic arises we do nothing; including and especially doing nothing with money. Nor am I promoting any political idea akin to communism. The communists have not shown the courage or risibility needed to relinquish their rubles. I am suggesting non-mutual exclusivity as a better idea. Something does not mean something else.

No one need feel threatened by any idea herein. Ownership and occupancy of property is not an unsolvable problem. Equitable distribution of goods is not necessarily less easy than the current inequitable system.

It is becoming clear that we are now entering the Age of Wisdom, because we can now understand what it is. No one has ever been able to write on the Face of God that in money we trust, but someone in his wisdom got it right the other way around.

Gerald Armstrong
6838 Charing Cross Road
Berkeley, CA 94705
(415)849-0929

C 1989 The Gerald Armstrong Corporation

Theresa Zgraggen
Internal Revenue Service
1221 Broadway
Oakland, CA 94612

April 23, 1990

Re: 1987 Audit of Gerald Armstrong

Dear Ms. Zgraggen:

This is in answer to your Information Document Request of February 26, 1990, a copy of which is attached hereto as Exhibit A.

Exhibits B through E are copies of items I brought to your office on February 26 and showed to you during our interview. I did so because I anticipated certain questions about my life and work, which I admit can be seen as unusual, and believed these things would be adequate non-verbal evidence to support my verbal answers to such questions.

Attached hereto as Exhibit B is a copy of the June 21, 1989 United States Supreme Court opinion in U. S. v. Zolin, a case which involved, ironically, an effort by the IRS to obtain certain documents which had been filed with the Clerk of the Los Angeles Superior Court in a case entitled Church of Scientology of California and Mary Sue Hubbard v. Gerald Armstrong, No. C420153. I produced this document to show that to a writer there's a story in there.

Attached hereto as Exhibit C is a reduced copy of the April/May 1985 edition of the newspaper "Freedom" published by the Scientology organizations. I am identified therein as "a covert government intelligence operative," and "an itinerant, unemployed federal witness and government informant/operative," and described by a man, who is himself described as "a leading authority on US intelligence activities," as "an informant who has been well indoctrinated in the techniques of psychological warfare in modern dress." "Freedom", again ironically, has me being operated by the Criminal Investigation Division of the IRS. All of this can be seen as extraordinarily humorous, especially in light of what I really am. It can also be seen as serious. I brought this newspaper to our interview to show not only the literature which springs from it but to help explain the form of my past and present life and career.

Attached hereto as Exhibit D is a copy of the front and back of fifty-six checks I produced in 1987. I produced them at our interview because they were handy and because they are, albeit the most commercial of commercial art, art. I am an artist, however, as every artist knows, as far as the IRS is concerned, not because I produce art, but because I say I am.

Attached hereto as Exhibit E is a copy of the line drawing I did in 1988 for a Christmas card, which I consider the last word in a genre I developed in 1987. As I explained to you, although The Gerald Armstrong Corporation (TGAC), which holds the copyright, did sell three of the colored cards, it has not attempted mass publication because it has been untimely.

Attached hereto as Exhibit F is a copy of several pages of receipts for office and art supplies and for some major office equipment purchases. These formed part of all the receipts I presented at our February 26 interview verifying the expenses listed on my Schedule C, a copy of which along with the rest of my 1987 return is attached hereto as Exhibit G. I am including these receipts with this letter because they stand, I believe, in sharp contrast to your rulings reflected in the language of your "Report of Individual Income Tax Examination Changes" which you handed me at the end of our interview, and I have attached hereto as Exhibit H.

I still cannot understand why a self-employed individual claiming to be, inter alia, an artist and writer, and producing actual receipts for $1497.00 for office supplies (paper, pens, markers, ink, glue, binders, etc.); $9200.00 for office equipment and furniture which amounted to a $1584.00 depreciation deduction (file cabinets, drafting table, computer, printer, computer table, disc drive, drawing lamp, adding machine, etc); $127.00 for photocopies, and then $2750.00 for a photocopier and stand, is not allowed these deductions "because it has not been established that any part of the amount claimed was for ordinary and necessary business or expended for the purpose designated." As you know, the disallowance of all my Schedule C expenses, the connected decrease of my medical deduction, the resultant delinquency and negligence penalties, the interest on all that, and your unwillingness to consider that I was what I said I was broke my heart. I arrived at your office thinking I'd overpaid my taxes and happy I had documented all my expenditures (and life) so well, and left owing the IRS over $3200.00 and all my work of 1987, and I suppose past and future years, as far as the Fed is concerned, utterly invalidated. Fortunately, God is, Inter Alia, a Sense of Humor, and I am what I am.

If my confrontation with the IRS wasn't chilling enough, while I was preparing this answer an article entitled "Widow: IRS is destroying lives," a copy of which is attached hereto as Exhibit I, appeared in the April 7, 1990 edition of The Oakland Tribune. And on April 9 The Tribune published a political cartoon, a copy of which is attached hereto as Exhibit J, which defined the IRS as "(a)n oppressive system that crushes the innocent, harasses its citizens and implements methods of destruction." Happily, thank God, and improving I think on FDR, there isn't even fear to be feared.

I described my work and history to you at our interview, but for clarity will do so again here. One writer's view of a few instants from my pre-1982 years is given in the preface to the book Bare-Faced Messiah: The True Story of L. Ron Hubbard, a copy of which (preface only) is attached hereto as Exhibit K. From March 1982 to March 1984 I worked in a law firm in Newport Beach in southern California. In 1984 I began writing and drawing seriously and professionally, and I began to see the literary and commercial potential of my history and future. My first completed manuscript of original art and writings, which I valued at over $50,000.00 was stolen from the trunk of my car, while, ironically again, I was talking with CID in the Los Angeles office of the IRS. Earlier that year someone stole another of my works from the home of a friend of mine in Laguna Beach

From 1982 to 1986 I testified 45 days in at least 10 lawsuits or investigations. The Armstrong lawsuit, which the Scientology organization had filed against me in Los Angeles Superior Court in 1982(see also Exhibit B), went to trial in the spring of 1984 and a decision, a copy of which is attached hereto as Exhibit L, was rendered by Judge Paul G. Breckenridge, Jr on June 20. I then travelled to London, England to testify at a trial in a custody case, and in the spring of 1985 testified at the trial of a fraud case in Portland, Oregon. I also became during this period the target of several covert operations and extra-legal attacks pursuant to Scientology's policy called "Fair Game," which is described at page 13 of the Appendix to the Armstrong decision.

In the summer of 1985 I moved to Boston, Massachusetts to work on all the Scientology-related litigation supervised by Michael Flynn, my lawyer in the Armstrong case. Although I was personally involved as a defendant, plaintiff and witness in this litigation, I am also an experienced paralegal, in proof of which fact I have attached hereto as Exhibit M a copy of a certificate awarded me in 1986 which conferred on me the title "the best Paralegal in the history of the world." During the Boston period I continued to write and draw and amass an archives of my work and related materials including an extensive press file. I established and maintained a network of people for biographical, documentational and intelligence support. In 1985 I sold two works for $765.00 as shown on my Schedule C, a copy of which along with the rest of my 1985 tax return is attached hereto as Exhibit N. I brought a copy of my 1986 tax return to our February 26 interview, and for ease of reference I am attaching it hereto as Exhibit O.

The litigation in which I had been intensely involved since 1982 settled in December 1986 and I moved to Berkeley, California in January 1987. I set up an office/studio in my home and continued to write and draw. In March I started a new book, a psychological adventure, which I gave the working title [redacted], but for various reasons it has been appropriate to put that project on my literary back burner. In 1987 my function in the world was revealed to me and I was given the gift of something that passes for wisdom. In 1987 it also came to my attention that the Scientology organization still viewed me as an enemy and was still engaged in legal and extra-legal actions against me. I detailed these post-settlement actions in a declaration I executed on March 15, 1990, a copy of which, along with the exhibits thereto, except for the Armstrong decision which is Exhibit L to this answer, is attached hereto as Exhibit P

I will turn now to the specific things you asked for in your Information Document Request. My 1988 tax return is attached hereto as Exhibit Q. Note that because I transferred much of my artistic, literary, and philosophic work and properties to The Gerald Armstrong Corporation, which I incorporated in 1987 and activated on January 1, 1988, my business expenses are not reflected in my individual return. I have requested a copy of my 1984 tax return from my former wife and will forward it upon receipt from her.

Auto and Travel:I made seven long trips in 1987: through the southwest on the [redacted] project; to British Columbia for biographical data and to locate various sources; to Utah for documents and biographical data; to Nevada in search of a true story; to Portland, Oregon for documents and to investigate the area for a possible relocation of my business; and to the Los Angeles area twice for extensive meetings with my agent and to secure various biographical sources. I also used my car virtually every day for my normal business activities: buying supplies, consulting with people, getting copies, mailing correspondence, etc. Because of my continual use of my car for my business, I worked out what I felt was a very simple, sensible and equitable arrangement: I paid for the car and insurance personally, and considered gas and repairs business expenses. As you pointed out I am allowed 22 cents per mile for automobile business use, and using only the seven expeditions listed could take a deduction of over $1800.00. Using my accounting method, which benefits my business, and now TGAC, greatly because it adds a biographical facet, my business auto expenses were but$1353.00.

Depreciation: The purpose for buying the VCR, and the only use I made of it in 1987, was to study several videotapes of me made by the Scientology organization's intelligence operatives in 1984. See also Exhibits C and O. The organization used these videotapes to make an estimated $50,000,000.00 from its adherents. They have tremendous commercial potential for TGAC and me as well, and they are central to a spy story I have been writing, the working title of which is Agents Provocateurs Like Butter On Their Spuds. Around the same time I bought the VCR I bought a TV. The TV I considered a personal expense. As it turned out I use the TV far more for my work than I do for non-work reasons. The TV and the VCR are in my living room. The rest of the TGAC equipment or furniture is in the two offices TGAC occupies, although the corporation keeps approximately 200 cubic feet of literary or artistic materials in storage in other spaces in the house. Recent photographs of TGAC offices, as you requested, are attached hereto as Exhibit R. The only use I have for the VCR is in connection with my business. The only video cassettes I own are business-related. Occasionally someone staying with me or visiting has wanted to watch a movie; it hasn't seemed good business to deny him or her use of the VCR, and I have at times joined in watching. I believe the arrangement is fair and eminently legal.

Interest: I lived throughout almost all of 1987 on the bottom floor of a two-story house at 7140 Buckingham Boulevard in Oakland. My part of the building had a bedroom, living room, office/studio and bathroom. I reasoned and understood that as I used one-third of the space for my business I could certainly deduct one-fourth of the rent. On July 14 that year, along with the occupants of the top floor I purchased the house. I then reasoned that I could deduct one-fourth of my mortgage payment. These two figures are highlighted yellow on the copy of my draft Schedule C which is attached hereto as Exhibit S. Ernest F. Howard, the certified public accountant to whom I sent this and other information to prepare my return, crossed out the rent deduction and wrote beside it "Home," which I have highlighted blue. He missed, however, the Mortgage Interest line and included the $440.00 error in the final return. The funny thing is that it makes no difference because I had subtracted that amount from the mortgage interest I should have deducted on my Schedule A (See line 9a of Schedule A at Exhibit G) The actual interest I paid was $1761.88. $1321.00 was deducted on my Schedule A and $440.00 on Schedule C. So it's an honest mistake in which nothing happened and the end is funny.

While we're on the subject, it was not funny, at least at first, to find, however, and seems terribly unfair, that I could not deduct any rent for home office/studio use because I had the bad fortune to not sell any of my work that year. I would think that with the ecological and arterial benefits you could pay me to work at home. Perhaps you could pass this concept on to the appropriate person in your organization.

Legal Fees: I imagine you already have the letter from my agent and lawyer, Michael Walton, a copy of which for literary sense is attached hereto as Exhibit T. I had asked him to send the original to me so I could surprise you pleasantly with its inclusion in this answer, but he sent it directly to you. Good lawyers never do what you want, so I should have expected it. Mr. Walton and I spent a great deal of time in 1987 working on the legal and commercial form of my activities. His conclusion was that I should incorporate, sparked, I believe, by a concern for protecting my inventions, for I am also an inventor. I reasoned that sooner or later I would have to be something or other, it was poetic, it had potential, and it made my lawyer happy. Deciding on The Gerald Armstrong Corporation as a working title and signing the articles of incorporation, a copy of which are attached hereto as Exhibit U, also made it funny. God will decide if it is to be fiscally profitable. Sometime before I incorporated TGAC I had realized that in all my activities and efforts I had only one purpose in the world: to bring peace to it. TGAC's only real purpose is to facilitate that goal. When Mr. Walton suggested that I incorporate certain aspects of my work as a profit corporation I saw no conflict with my and TGAC's clearly charitable purpose because of a United States Court of Appeals decision on July 28, 1987 in Church of Scientology of California v. Commissioner of Internal Revenue, 823 F.2d 1310, a copy of which is attached hereto as Exhibit V. The court accepted Scientology's religious nature but denied its nonprofit status. TGAC likewise has a religious nature and a non-nonprofit status. The incorporation of TGAC in fact demonstrates our intention to make a profit with our work, since its expenses are not deductible until it does, and Gerald Armstrong, individual, does not deduct such expenses at all.

Meals and Entertainment: There is but one source for all that is real, and one reason for anything which is done. Humans ascribe other reasons, motives, purposes to apparent reality. I understand that there are laws by which people live and I don't think for the most part they're stupid. I'm sane and sensible while carrying out a Divine Plan. I understand that the IRS is the most human of human fictions that demands certain actions, which, if the IRS did not exist, I, and possibly others as well, would never think of doing. I try, while keeping an open mind, and never getting too distant from a Sense of Humor, to get my work done accurately and prudently, never cheat at anything, have good arithmetic, and pay my bills and taxes. One of the very few non-arbitrary, sensible human actions which exists with or without organization is feeding people. In 1984 I was introduced to someone's guru who said, "God comes to the hungry in the form of food." That is really why I shared meals with anyone thereafter.

There are, however, other reasons, motives and purposes for the meals in question which make clear my considering them deductible business expenses. I wrote, drew and lived alone throughout the year. I had found, even as far back as 1980 and 81 when I was doing the research for the biography of L. Ron Hubbard (see Exhibit L) that an almost ideal form of human interaction for the facilitation of my work is established during the ritual of eating. As a result, I have been willing to pay for many people's meals to obtain that interaction. Attached hereto as Exhibit W is a copy of a Tribune article of April 2, 1990 entitled "Sky high for luxury boxes" which observes that some people have found that the ambience of a Raiders game is ideal for their business interactions, and have had their companies pay many thousands of dollars a years for perhaps thirty hours of such ambience. My living and working quarters in 1987 lacked the ambience I deemed necessary for the development of my healing philosophy and procedure which flowed from my function in the world, but I was able to develop them during the periods of human contact afforded by meals shared in restaurants. By the end of 1988 I considered my healing capability was complete enough to advertise broadly, and I had by then set up a peaceful and pleasing consultation room, as shown by the photographs at Exhibit R. TGAC's ads, all entitled "Cures By Armstrong," which appeared in the publication Common Ground throughout 1989 are attached hereto as Exhibit X.

Virtually all of the people with whom I had business meals in 1987 were, in addition to being my philosophic and psychotherapeutic subjects, participants in my literary endeavors and patrons of my art. They are also members of the network I established and have maintained as a logical legal and intelligence action. I have shown that the Scientology organization has carried out years of covert and overt attacks on me and has paid millions of dollars in these attacks (see Kenneth David Long's first affidavit of October 5, 1987, appended to Exhibit P, my declaration of March 15, 1990). If the organization's attacks on me are legitimate business activities, my actions to defend myself, to obtain support from my network, to secure witnesses, and to develop strategies with my network personnel can be no less. My business has a valid interest in my actions and defense because its image is so dependent on mine, and its ability to function at all is tied to my ability to deal with the organization's attacks. The organization's post-settlement threats and my present level of legal involvement evince the fatidic wisdom of my networking actions.

I have numbered the eighteen items you asked me to identify on the two pages of receipt copies which I have attached hereto as Exhibit Y. No. 1 is for a meal with [redacted] was a witness in the Scientology litigation, and provided me with valuable biographical information during this meeting. No. 2, 3, 4, 6, 12, 13, 15, 17 and 18 are for meals with [redacted], my longest-serving hagiographer and vital literary participant and witness for me. Each of these meetings focused on hagiography and therapeutic procedures. [redacted] a [redacted]. No. 5 is for a meal with [redacted] and [redacted] are major collectors of my art and Mr. [redacted] minor ones. [redacted] are essential to me for their testimony and biographical contributions. [redacted] are not probable witnesses, but are important biographically. No. 7 is for a meal with [redacted] and [redacted], are my biggest European collectors and significant literary contributors. No. 9 is for a meal with [redacted] an essential witness and biographical participant. No. 10 is for a meal in [redacted], a major collector of my work, key witness and literary player. No. 11 is for a meal with [redacted] collector of my art and participant in my literary projects. No. 14 is for a meal with [redacted] who plays a small but worthy part anecdotally in my biographical work. No. 16 is for a meal with [redacted] both of whom have been indispensable to my literary, artistic, philosophic and legal enterprises. At this meal we laid the groundwork for a number of business ventures together. Receipt no. 8 I cannot further identify. In addition to maintaining each of these persons as a source for my own literature, I also provided their names and their biographical significance to my agent to assist whoever undertakes my biography. I believe that each of these persons, and many of their friends and associates, will buy my published works, including this book.

Manuscripts, published items, statements verifying writings and artwork: Attached hereto as Exhibit AA is a photograph of one of TGAC's file drawers containing much of my 1987 literary and artistic output, and some related documents produced by others. I have another four inches of 1987 writings in another drawer, and some of the bulkier 1987 documents in storage. I have copied five works from 1987 and attached them hereto as Exhibits BB through FF to support my contention that I am a writer and artist. Copies of all of these works were included in the bound volumes I delivered to my agent (see Exhibit T) in early 1988.

Exhibit BB is thirty-two pages written January 18, 1987 on the flight from Boston to California to begin the post-litigation phase in my career. I hope that any offense given by my vulgarity in this writing can be offset by my, I believe Inspired, blessing of the IRS. One of my wonderful literary coconspirators, [redacted] says that the only, only truly funny thing in the universe is God's sense of timing. Sometime in early 1984 it had come to me that my work should be priced at $15.00 per signed page, $30.00 unsigned. This page, for example, is signed:

G.

These thirty-two pages, all unsigned, I would price at $960.00. One of my next books, which I have given the working title of I Dunno But There's Another One will be a collection of my signatures.

Exhibit CC is comprised of an article and cover letter dated July 28, 1987, sent to Jonathan Marshall at The Tribune, and a rejection letter from Patrick Marshall at The Tribune received August 4. I am including these things because they show an effort at publication, and how serious I am about my work.

Exhibit DD is the last thing I wrote in 1987.

Exhibit EE is a color photocopy of a 1987 word drawing entitled "Margaret."

Exhibit FF is a color photocopy of a 1987 word drawing entitled "Mitzi."

Attached hereto as Exhibit GG is a copy of another article, entitled "A Crash Course In Speculation," and my cover letter dated October 14, 1989, sent to Jonathan Marshall at The Tribune. My proposal to produce "a series of different, possibly provocative, never far from funny, but always unvitriolic articles" demonstrates, I believe, my intention to be published. I did not hear back from The Tribune about my article or my proposal, but reasoned that my ideas were bumped by the Quake which would have arrived at the newspaper right after my package. I was not ungrateful for the no response because right after I wrote the article I became intensely involved again with the Scientology organization (see paragraphs 3 and 4 of my declaration at Exhibit P) and have had to curtail several of my projects until my situation with the organization is resolved.

I have not solicited any statements from my associates, collectors or fellow writers or artists verifying my writings and artwork because it seemed a little like something I'm notorious for-- engaging in overkill. I'm certain I can get some dandies if you wish.

Having arrived at this point, all your questions answered, at page ten of ten, it is painlessly apparent that this book is its own proof. I believe it is literature and art and commercially worthy. There are some editing and legal details to be worked out before it achieves its publishable form. This answer is, however, identical to the manuscript I will today deliver to Mr. Walton to sell. I will, of course, advise you of any significant changes. And I hope you buy the book.

We still have things to discuss which I have not touched on in this answer because they were not mentioned specifically in your request, and I look forward to scheduling an interview to go over these or any matters in the near future. The last matter I would like to clear up at this time is the delinquency and negligence penalties and interest. Attached hereto as Exhibit HH is a copy of my 1987 "Application for Automatic Extension of Time To File U.S. Individual Income Tax Return" filed by me on April 15, 1988. I included a payment of $1,067.00 which I honestly, and I think logically, considered the tax balance due. Attached hereto as Exhibit II is a copy of my letter of August 4, 1988 to Ernest S. Howard, CPA, accompanying my draft of my tax return and other documents and figures. As the August 15 deadline approached I called Mr. Howard who advised me that he had applied for another extension. I pestered him a few times over the next several months, and he finally sent me the return for signature sometime in 1989. I talked with him while preparing this answer and he said to tell you that he had screwed up, that his screw-up is my good cause, and that if you have any questions to give him a call.

I hope you find this answer as entertaining as I hope the rest of the world finds it. I'm grateful for this opportunity to communicate with you and sincerely appreciative of your inspiration.

Very truly yours and Hallelujah,

©1990 The Gerald Armstrong Corporation

Gerald Armstrong
6838 Charing Cross Road
Berkeley, CA 94705
(415)849-0929

Form 4564 (Rev. Jan. 1984)	Department of the Treasury — Internal Revenue Service **Information Document Request**	Request Number 1

To: (Name of Taxpayer and Company Division or Branch)

Armstrong

Please return Part 2 with listed documents to requester identified below.

Subject 1987 Audit

SAIN Number

Submitted to:

Dates of Previous Requests

Description of Documents Requested

- copy of 1988 return; 1984 + 1985 returns 7053
Schedule C

1. Auto & Travel:
business miles reconstruction
- date, place traveled to + from, mileage
travelled, purpose of trip (specifically)

2. - Depreciation:
VCR indicate days used for business purposes
in 1987
- picture of office in home

3. Interest: verify payment of interest and
explain what this interest is

4. Legal & Prof fees: statement concerning what
legal expenses were paid for $515 +
$1250

5. Meals + Entertainment (see copy of
receipts) indicate specifically purpose
of meals + how related to business

6. ~~[illegible]~~
manuscripts, published items, statements verifying
writings + artwork; statement summarizing business

Due on or before March 14, 1990

From:

Name and Title of Requester
Theresa Zaragoza 273-7532

Date 2/26/90

Office Location
1221 Broadway
Oakland CA 94612 Stop#: 0A012572

Part 1 — Taxpayer's File Copy

Form 4564 (Rev. 1-84)

122

The RECORDER

CALIFORNIA DAILY OPINION SERVICE

Volume 3 No. 122 • A DAILY PUBLICATION OF APPELLATE DECISIONS FOR SUBSCRIBERS TO THE RECORDER • June 26, 1989

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Every opinion certified for publication by the United States Supreme Court, the United States Court of Appeals for the Ninth Circuit, the United States Court of Appeals for the Ninth Circuit Bankruptcy Appellate Panel, the California Supreme Court, and the California Courts of Appeal is included in the California Daily Opinion Service. Before citing The California Daily Opinion Service, counsel should verify the continuing publication status of a case. Exhibits and appendices to opinions will be included with the opinions whenever possible if they are capable of being reproduced and are sufficiently relevant to justify inclusion. While every effort is made to accurately report the text of opinions, production schedules sometimes preclude thorough proofreading, which may result in occasional minor errors. Instances regarding errors may be directed to Julianne Jones at (415) 589-8200.

Supplement to The Recorder, San Francisco, CA

such depiction.'" See H. R. Rep. No. 95-696, p. 21 (1977) (quoting H. R. 4571, 95th Cong., 1st Sess. (1977)). The Justice Department opposed the inclusion of this provision, on the ground that "it would be difficult to determine by what standard the 'sexual stimulation or gratification' could be assessed." H. R. Rep. No. 95-696, at 21 (statement of Deputy Assistant Attorney General Keeney). The Justice Department suggested that "lewd exhibition of the genitals" be used in its place, ibid., and the House heeded that recommendation. Massachusetts could have followed the same course and modified § 29A's reference to simply nudity, thereby aligning the law with the New York statute we upheld in Ferber. The availability of such simple correctives renders the statute's overbreadth less acceptable.

Together with the stern sanctions § 29A imposes, the ease with which its unconstitutional applications might be eliminated lowers the hurdle respondent must clear in proving substantial overbreadth. By the standards set in our earlier decisions, that proof has in my judgment been made. The abundance of baby and child photographs taken every day without frontal covering, not to mention the work of artists and filmmakers and nudist family snapshots, allows one to say, as the court said in Houston v. Hill, 428 U. S., at 466-467 (citation omitted), that "[t]he ordinance's plain language is admittedly violated scores of times daily, yet only some individuals—those chosen by the police in their unguided discretion—are arrested."

Indeed, even if I were less confident that the statute was routinely violated by protected conduct—and the test, of course, is the relative frequency of such violations, not what we believe is the likelihood that such violations will in fact be prosecuted—I would reach the same conclusion. In Erznoznik v. City of Jacksonville, 422 U. S. 205 (1975), we struck down for overbreadth a statute making it a public nuisance to show films at a drive-in theater displaying bare buttocks, pubic areas, or female breasts, if the screen was visible from a public area. By way of justification we said: "[The statute] would bar a film containing a picture of a baby's buttocks, the nude body of a war victim, or scenes from a culture in which nudity is indigenous. The ordinance also might prohibit newsreel scenes of the opening of an art exhibit as well as shots of bathers on a beach. Clearly all nudity cannot be deemed obscene even as to minors." Id., at 213. We saw no reason to inquire into the frequency with which such scenes appeared at drive-in movies in Jacksonville; the fact that they might be shown, and sometimes were shown, was enough. The amount of protected conduct that occurs and quite plainly is covered by § 29A is undoubtedly far greater than the speculative occurrences we found sufficient to establish substantial overbreath in Erznoznik, where, in addition, the attendant penalties were puny by comparison. Thus, even granted a stingy estimate of the extent of § 29A's overbreath, the statute must fall. I would affirm the decision of the Massachusetts Supreme Judicial Court.

Cite as 89 C.D.O.S. 4616

UNITED STATES, Petitioner, v. FRANK S. ZOLIN, et al.

No. 88-40
On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit
(809 F.2d 1411, 842 F.2d 1135, and 850 F.2d 610)
Filed June 21, 1989

JUSTICE BLACKMUN delivered the opinion of the Court.

This case arises out of the efforts of the Criminal Investigation Division of the Internal Revenue Service (IRS) to investigate the tax returns of L. Ron Hubbard, founder of the Church of Scientology (the Church), for the calendar years 1979 through 1983. We granted certiorari, — U.S. — (1988), to consider two issues that have divided the Courts of Appeals. The first is whether, when a district court enforces an IRS summons, see 26 U.S.C. § 7604, the court may condition its enforcement order by placing restrictions on the disclosure of the summoned information.[1] The Court of Appeals in this case upheld the restrictions. We affirm its judgment on that issue by an equally divided Court.

The second issue concerns the testimonial privilege for attorney-client communications and, more particularly, the generally recognized exception to that privilege for communications in furtherance of future illegal conduct—the so-called "crime-fraud" exception. The specific question presented is whether the applicability of the crime-fraud exception must be established by "independent evidence" (i.e., without reference to the content of the contested communications themselves), or, alternatively, whether the applicability of that exception can be resolved by an in camera inspection of the allegedly privileged material.[2] We reject the "independent evidence" approach and hold that the district court, under circumstances we explore below, and at the behest of the party opposing the claim of privilege, may conduct an in camera review of the materials in question. Because the Court of Appeals considered only "independent evidence," we vacate its judgment on this issue and remand the case for further proceedings.[3]

I

In the course of its investigation, the IRS sought access to 49 documents that had been filed with the Clerk of the Los Angeles County Superior Court in connection with a case entitled Church of Scientology of California v. Armstrong, No. CA420 153. The Armstrong litigation involved, among other things, a charge by the Church that one of its former members, Gerald Armstrong, had obtained by unlawful means documentary materials relating to Church activities, including two tapes. Some of the documents sought by the IRS had been filed under seal.

The IRS, by its Special Agent Steven Petersell, served a summons upon the Clerk on October 24, 1984, pursuant to 26 U.S.C. § 7603, demanding that he produce the 49 documents.[4] The tapes were among those listed. App. 33-38. On November 21, IRS agents were permitted to inspect and copy some of the summoned materials, including the tapes.

On November 27, the Church and Mary Sue Hubbard, who had intervened in Armstrong, secured a temporary restraining order from the United States District Court for the Central District of California. The order required the IRS to file with the District Court all materials acquired on November 21 and all reproductions and notes related thereto, pending disposition of the intervenors' motion for a preliminary injunction to bar IRS use of these materials. Exh. 2 to Petition to Enforce Internal Revenue Summons. By order dated December 10, the District Court returned to the IRS all materials except the tapes and IRS' notes reflecting their contents. See App. 30.

On January 18, 1985, the IRS filed in the District Court a petition to enforce its summons. In addition to the tapes, the IRS sought 12 sealed documents the Clerk had refused to produce in response to the IRS summons. The Church and Mary Sue Hubbard intervened to oppose production of the tapes and the sealed documents. Respondents claimed that IRS was not seeking the documents in good faith, and objected on grounds of lack of relevance and attorney-client privilege.

Respondents asserted the privilege as a bar to disclosure of the tapes. The IRS argued, among other things, however, that the tapes fell within the crime-fraud exception to the attorney-client privilege, and urged the District Court to listen to the tapes in the course of making its privilege determination. In addition, the IRS submitted to the court two declarations by Agent Petersell. In the first,

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[1] Compare United States v. Author Services, Inc., 804 F.2d 1520, 1525-1526 (CA9 1986), opinion amended, 811 F.2d 1264 (1987), with United States v. Barrett, 837 F.2d 1341 (CA5 1988) (en banc), cert. pending, No. 87-1705.

[2] Compare United States v. Shewfelt, 455 F.2d 836 (CA9), cert. denied, 406 U.S. 944 (1972), with In re Berkley & Co., 629 F.2d 548 (CA8 1980).

[3] Respondents suggest that this case is now moot, because L. Ron Hubbard died January 24, 1986, thus foreclosing any further criminal investigation of him, and because the IRS civil audit of Mr. Hubbard for the relevant tax years was terminated as a "closed case." Brief in Opposition 8-10. The IRS disagrees, largely because the civil tax audit has not been terminated, and its result could affect the liability of Mr. Hubbard's estate. We are satisfied that a live controversy remains.

[4] The current Clerk of the Superior Court, Frank S. Zolin, is a named respondent in this case, but did not participate in briefing or argument before the Court of Appeals or before this Court. We use the term "respondents" to refer to Mary Sue Hubbard and the Church, the only active respondents in this Court.

Petersell stated his grounds for believing that the tapes were relevant to the investigation. See March 8, 1985, declaration para. 3. In the second, Petersell offered a description of the tapes' contents, based on information he received during several interviews. Appended to this declaration—over respondents' objection—were partial transcripts of the tapes, which the IRS lawfully had obtained from a confidential source. See March 15, 1985, declaration (filed under seal).[5] In subsequent briefing, the IRS reiterated its request that the District Court listen to the tapes in camera before making its privilege ruling.

After oral argument and an evidentiary hearing, the District Court rejected respondents' claim of bad faith. App. to Pet. for Cert. 27a. The court ordered production of 5 of the 12 documents, id., at 28a, and specified: "The documents delivered hereunder shall not be delivered to any other government agency by the IRS unless criminal tax prosecution is sought or an Order of Court is obtained." Id., at 29a.

Turning to the tapes, the District Court ruled that respondents had demonstrated that they contain confidential attorney-client communications, that the privilege had not been waived, and that "[t]he 'fraud-crime' exception to the attorney-client privilege does not apply. The quoted excerpts tend to show or admit past fraud but there is no clear indication that future fraud or crime is being planned." Id., at 28a. On this basis, the court held that the Clerk "need not produce its copy of the tapes pursuant to the summons." Id., at 29a. The District Court denied the IRS' motion for reconsideration, rejecting the IRS' renewed request that the court listen to the tapes in toto. "While this was at one time discussed with counsel, thereafter Mr. Petersell's declaration was submitted, and no one suggested that this was an inadequate basis on which to determine the attorney-client privilege question." Id., at 25a-26a.

Respondents appealed to the Court of Appeals for the Ninth Circuit, and the IRS cross-appealed on two relevant grounds. First, the IRS claimed that the District Court abused its discretion by placing conditions on IRS' future use of the subpoenaed information. The Court of Appeals disagreed, holding: "A district court may, when appropriate, condition enforcement of a summons on the IRS' agreeing to abide by disclosure restrictions." 809 F.2d 1411, 1417 (1987).

Second, the IRS contended that the District Court erred in rejecting the application of the crime-fraud exception to the tapes. In particular, the IRS argued that the District Court incorrectly held that the IRS had abandoned its request for in camera review of the tapes, and that the court should have listened to the tapes before ruling that the crime-fraud exception was inapplicable. Answering Brief for United States as Appellee and Opening Brief for United States as Cross-Appellant 48-49 (filed under seal). Respondents contended, in contrast, that the District Court erred in the opposite direction: they argued that it was error for the court to rely on the partial transcripts, because "[i]n this Circuit, a party cannot rely on the communications themselves — whether by listening to the tapes or reviewing excerpts or transcripts of them — to bear its burden to invoke the exception but must bear the burden by independent evidence. This is the clear and unambiguous holding of United States v. Shewfelt, 455 F. 2d 836 (9th Cir.), cert. denied, 406 U. S. 944 (1972)" (emphasis added). Answering Brief for Church of Scientology of Caifornia and Mary Sue Hubbard as Cross-Appellees and Reply Brief as Appellants 24 (filed under seal).

The panel of the Court of Appeals agreed with respondents that, under Shewfelt, "the Government's evidence of crime or fraud must come from sources independent of the attorney-client communications recorded on the tapes," 809 F. 2d, at 1418, thereby implicitly holding that even if the IRS had properly preserved its demand for in camera review, the District Court would have been without power to grant it. The Court of Appeals then reviewed "the Government's independent evidence." Id., at 1418-1419. That review appears to have excluded the partial transcripts, and thus the Court of Appeals implicitly agreed with respondents that it was improper for the District Court to have considered even the partial transcripts. See Brief for United States 7. On the basis of its review of the "independent evidence," the Court of Appeals affirmed the District Court's determination that the IRS had failed to establish the applicability of the crime-fraud exception. 809 F. 2d, at 1419.

The full Court of Appeals vacated the panel opinion and ordered en banc review, on the basis of a perceived conflict between Shewfelt and United States v. Friedman, 445 F. 2d 1076 (CA9), cert. denied, 404 U. S. 958 (1971). 832 F. 2d 127 (1987). Upon consideration, a majority of the limited en banc court, see Ninth Circuit Rule 35-3, determined that the intracircuit conflict was illusory; it agreed with respondents that Friedman did not address the independent-evidence rule. 842 F. 2d 1135, 1136 (1988), amended by 850 F. 2d 610 (1988). The limited en banc court vacated the order for rehearing en banc as improvidently granted and reinstated the panel opinion in relevant part. Ibid.

II

This Court is evenly divided with respect to the issue of the power of a District Court to place restrictions upon the dissemination by the IRS of information obtained through a § 7604 subpoena-enforcement action. We therefore affirm the judgment of the Court of Appeals insofar as it upheld the District Court's conditional-enforcement order.

III

Questions of privilege that arise in the course of the adjudication of federal rights are "governed by the principles of the common law as they may be interpreted by the courts of the United States in the light of reason and experience." Fed. Rule Evid. 501. We have recognized the attorney-client privilege under federal law, as "the oldest of the privileges for confidential communications known to the common law." Upjohn Co. v. United States, 449 U. S. 383, 389 (1981). Although the underlying rationale for the privilege has changed over time, see 8 J. Wigmore, Evidence § 2290 (McNaughton rev. 1981),[6] courts long have viewed its central concern as one "to encourage full and frank communication between attorneys and their clients and thereby promote broader public interests in the observance of law and administration of justice." Upjohn, 449 U. S., at 389. That purpose, of course, requires that clients be free to "make full disclosure to their attorneys" of past wrongdoings, Fisher v. United States, 425 U. S. 391, 403 (1976), in order that the client may obtain "the aid of persons having knowledge of the law and skilled in its practice." Hunt v. Blackburn, 128 U. S. 464, 470 (1888).

The attorney-client privilege is not without its costs. Cf. Trammel v. United States, 445 U. S. 40, 50 (1980). "[S]ince the privilege has the effect of withholding relevant information from the fact-finder, it applies only where necessary to achieve its purpose." Fisher, 425 U. S., at 403. The attorney-client privilege must necessarily protect the confidences of wrongdoers, but the reason for that protection — the centrality of open client and attorney communication to the proper functioning of our adversary system of justice —"ceas[es] to operate at a certain point, namely, where the desired advice refers not to prior wrongdoing, but to future wrongdoing." 8 Wigmore, § 2298, p. 573 (emphasis in original); see also Clark v. United States, 289 U. S. 1, 15 (1933). It is the purpose of the crime-fraud exception to the attorney-client privilege to assure that the "seal of secrecy," ibid., between lawyer and client does not extend to communications "made for the purpose of getting advice for the commission of a fraud" or crime. O'Rourke v. Darbishire, [1920] A. C. 581, 604.

The District Court and the Court of Appeals found that the tapes at issue in this case recorded attorney-client communications and hat the privilege had not been waived when the tapes were inadvertently given to Armstrong. 809 F. 2d, at 1417 (noting that Armstrong had acquired the tapes from L. Ron Hubbard's personal secretary, who was under the mistaken impression that the tapes were blank). These findings are not at issue here. Thus, the remaining obstacle to respondents' successful assertion of the privilege is he IRS' contention that the recorded attorney-client communicaions were made in furtherance of a future crime or fraud.

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[5] The IRS denied that the transcripts were made using tapes obtained from the Superior Court or from any other illicit source. Agent Petersell declared that "[t]he partial transcripts were not prepared by the United States from the tapes in the custody of the Superior Court for Los Angeles County, California, nor from copies of the tape now in the custody of the Clerk of this Court. The transcripts were obtained from a confidential source by another Special Agent prior to the issuance of this summons. The source was not a party to Church of Scientology v. Armstrong, No. 410153, nor an attorney for any party in that proceeding." See Declaration of Agent Petersell dated March 21, 1985. As the District Court made no finding of illegality, we assume for present purposes that the transcripts were legally obtained.

[6] See also Hazard, An Historical Perspective on the Attorney-Client Privilege, 66 Calif. L. Rev. 1061 (1978); Developments — Privileged Communications, 98 Harv. L. Rev. 1450, 1455-1458 (1985).

A variety of questions may arise when a party raises the crime-fraud exception. The parties to this case have not been in complete agreement as to which of these questions are presented here. In an effort to clarify the matter, we observe, first, that we need not decide the quantum of proof necessary ultimately to establish the applicability of the crime-fraud exception. Cf. Clark, 289 U. S., at 15, quoting O'Rourke; S. Stone & S. Liebman, Testimonial Privileges § 1.65, p. 107 (1983).[7] Rather, we are concerned here with the the of evidence that may be used to make that ultimate showing. Within that general area of inquiry, the initial question in this case is whether a district court, at the request of the party opposing the privilege, may review the allegedly privileged communications in camera to determine whether the crime-fraud exception applies.[8] If such in camera review is permitted, the second question we must consider is whether some threshold evidentiary showing is needed before the district court may undertake the requested review. Finally, if a threshold showing is required, we must consider the type of evidence the opposing party may use to meet it: i. e., in this case, whether the partial transcripts the IRS possessed may be used for that purpose.

A

We consider first the question whether a district court may ever honor the request of the party opposing the privilege to conduct an in camera review of allegedly privileged communications to determine whether those communications fall within the crime-fraud exception. We conclude that no express provision of the Federal Rules of Evidence bars such use of in camera review, and that it would be unwise to prohibit it in all instances as a matter of federal common law.[9]

(1)

At first blush, two provisions of the Federal Rules of Evidence would appear to be relevant. Rule 104(a) provides: "Preliminary questions concerning the qualification of a person to be a witness, the existence of a privilege, or the admissibility of evidence shall be determined by the court . . . . In making its determination it is not bound by the rules of evidence except those with respect to privileges" (emphasis added). Rule 1101(c) provides: "The rule with respect to privileges applies at all stages of all actions, cases, and proceedings." Taken together, these Rules might be read to establish that in a summons-enforcement proceeding, attorney-client communications cannot be considered by the district court in making its crime-fraud ruling: to do otherwise, under this view, would be to make the crime-fraud determination without due regard to the existence of the privilege.

Even those scholars who support this reading of Rule 104(a) acknowledge that it leads to an absurd result.

"Because the judge must honor claims of privilege made during his preliminary fact determinations, many exceptions to the rules of privilege will become 'dead letters,' since the preliminary facts that give rise to these exceptions can never be proved. For example, an exception to the attorney-client privilege provides that there is not privilege if the communication was made to enable anyone to commit a crime or fraud. There is virtually no way in which the exception can ever be proved, save by compelling disclosure of the contents of the communication; Rule 104(a) provides that this cannot be done." 21 C. Wright & K. Graham, Federal Practice & Procedure: Evidence § 5055, p. 276 (1977) (footnote omitted).

We find this Draconian interpretation of Rule 104(a) inconsistent with the Rule's plain language. The Rule does not provide by its terms that all materials as to which a "clai[m] of privilege" is made must be excluded from consideration. In that critical respect, the language of Rule 104(a) is markedly different from the comparable California evidence rule, which provides that "the presiding officer may not require disclosure of information claimed to be privileged under this division in order to rule on the claim of privilege." Cal. Evidence Code § 915(a) (West 1966 & Supp. 1989) (emphasis added).[10] There is no reason to read Rule 104(a) as if its text were identical to that of the California rule.

Nor does it make sense to us to assume, as respondents have throughout this litigation, that once the attorney-client nature of the contested communications is established, those communications must be treated as presumptively privileged for evidentiary purposes until the privilege is "defeated" or "stripped away" by proof that the communications took place in the course of planning future crime or fraud. See Brief for Respondents 15 (asserting that respondents had "established their entitlement to the privilege," and that the communications had been "determined to be privileged," before the crime-fraud question was resolved). Although some language in Clark might be read as supporting this view, see 289 U. S., at 15, respondents acknowleged at oral argument that no prior holding of this Court requires the imposition of a strict progression of proof in crime-fraud cases. See Tr. of Oral Arg. 33-35.

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[7] We note, however, that this Court's use in Clark v. United States, 289 U. S. 1, 14 (1933), of the phrase "prima facie case" to describe the showing needed to defeat the privilege, has caused some confusion. See Gardner, The Crime or Fraud Exception to the Attorney-Client Privilege, 47 A. B. A. J. 708, 710-711 (1961); Note, 51 Brooklyn L. Rev. 913, 918-919 (1985) ("The prima facie standard is commonly used by courts in civil litigation to shift the burden of proof from one party to the other. In the context of the fraud exception, however, the standard is used to dispel the privilege altogether without affording the client an opportunity to rebut the prima facie showing" (emphasis in original)). See also In re Grand Jury Subpoena Duces Tecum Dated September 15, 1983, 731 F. 2d 1032, 1039 (CA2 1984). In using the phrase in Clark, the Court was aware of scholarly controversy concerning the rule of the judge in the decision of such preliminary questions of fact. See 289 U. S., at 14, n. *. The quantum of proof needed to establish admissibility was then, and remains, subject to question. See, e. g., Maguire & Epstein, Preliminary Questions of Fact in Determining the Admissibility of Evidence, 40 Harv. L. Rev. 392, 400 (criticizing courts insofar as they "have allowed themselves to be led into holding that only a superficial, one-sided showing is allowable on any admissibility controversy"), 414-424 (exploring alternative rules) (1927); 21 C. Wright & K. Graham, Federal Practice and Procedure: Evidence § 5052, p. 248 (1977) (suggesting, with respect to the process of proving preliminary questions of fact, that "[p]erhaps it is a task, like riding a bicycle, that is easier to do if you do not think too much about what you are doing"). In light of the narrow question presented here for review, this case is not the proper occasion to visit these questions.

[8] In addition, the facts of this case also suggest the question whether the partial transcripts the IRS possessed may be used by it in meeting its ultimate burden. It is by no means clear that the IRS has presented that question for this Court's review. The IRS noted in its petition for certiorari that the Court of Appeals had not considered the partial transcripts in making its determination that the IRS had failed to establish the applicability of the crime-fraud exception. See Pet. for Cert. 7-8. The question presented for review, however, relates solely to in camera review, as does the relevant discussion in the petition. See id., at 20-23.

The question whether the partial transcripts may be used in meeting the IRS' ultimate burden of demonstrating the applicability of the crime-fraud exception is fairly included within the question presented, however, and we therefore address it. See this Court's rule 21.1(a). The answer to the question would follow inexorably from our discussion in any event.

[9] There is some ambiguity as to whether the Court of Appeals squarely barred all use of in camera review of these purposes, although that is the fairest reading of the court's opinion. Respondents at times appear to advocate that position, see Brief in Opposition 19-21, but at times suggest otherwise. See Brief for Respondents 13; see also Reply Brief for United States 15. The ambiguity in respondents' position is perhaps due to the fact that they accept the premise that in camera review is permitted under Circuit precedent in different circumstances from those at issue in this case — i. e., where the proponent of the privilege seeks in camera review to demonstrate the applicability of the privilege in the first instance, see Brief for Respondents 14, or when the proponent requests in camera review to ensure that an order requiring production of some materials held not to be privileged does not inadvertently yield privileged information. See id., at 20-21.

[10] A good example of the effect of the California rule is provided by the record in this case. While the disputed matters were being briefed in Federal District Court, the state Superior Court held a hearing on a motion by Government attorneys seeking access to materials in the Armstrong case for ongoing litigation in Washington, D. C. The transcript of the hearing was made part of the record before the District Court in this case. Regarding the tapes, the Government argued to the Superior Court that the attorney-client conversation on the tapes reflect the planning or commission of the crime or fraud. Transcript of Hearing of February 11, 1985, p. 52. That claim was supported by several declarations and other extrinsic evidence. The Government noted, however, that "the tape recordings themselves would . . . be the best evidence of exactly what was going on." Id., at 53. The intervenors stressed that, as a matter of California law, "you can't show the tapes are not privileged by the contents." Id., at 58; see also id., at 68. The Superior Court acknowledged the premise that "you can't look at the conversation itself to make [the crime-fraud] determination," id., at 74, and concluded that the extrinsic evidence was not sufficient to make our a prima facie case that the crime-fraud exception applies. Id., at 75-76.

We see no basis for holding that the tapes in this case must be deemed privileged under Rule 104(a) while the question of crime or fraud remains open. Indeed, respondents concede that "if the proponent of the privilege is able to sustain its burden only by submitting the communications to the court" for in camera review, Brief for Respondents 14-15 (emphasis in original), the court is not required to avert its eyes (or close its ears) once it concludes that the communication would be privileged, if the court found the crime-fraud exception inapplicable. Rather, respondents acknowledge that the court may "then consider the same communications to determine if the opponent of the privilege has established that the crime-fraud exception applies." Id., at 15. Were the tapes truly deemed privileged under Rule 104(a) at the moment the trial court concludes they contain potentially privileged attorney-client communications, district courts would be required to draw precisely the counterintuitive distinction that respondents wisely reject. We thus shall not adopt a reading of Rule 104(a) that would treat the contested communications as "privileged" for purposes of the Rule, and we shall not interpret Rule 104(a) as categorically prohibiting the party opposing the privilege on crime-fraud grounds from relying on the results of an in camera review of the communications.

(2)

Having determined that Rule 104(a) does not prohibit the in camera review sought by the IRS, we must address the question as a matter of the federal common law of privileges. See Rule 501. We conclude that a complete prohibition against opponents' use of in camera review to establish the applicability of the crime-fraud exception is inconsistent with the policies underlying the privilege.

We begin our analysis by recognizing that disclosure of allegedly privileged materials to the district court for purposes of determining the merits of a claim of privilege does not have the legal effect of terminating the privilege. Indeed, this Court has approved the practice of requiring parties who seek to avoid disclosure of documents to make the documents available for in camera inspection, see Kerr v. United States District Court, 426 U. S. 394, 404-405 (1976), and the practice is well established in the federal courts. See, e. g., In re Antitrust Grand Jury, 805 F. 2d 155, 168 (CA6 1986); In re Vargas, 723 F. 2d 1461, 1467 (CA10 1983); United States v. Lawless, 709 F. 2d 485, 486, 488 (CA7 1983); In re Grand Jury Witness, 695 F. 2d 359, 362 (CA9 1982). Respondents do not dispute this point: they acknowledge that they would have been free to request in camera review to establish the fact that the tapes involved attorney-client communications, had they been unable to muster independent evidence to serve that purpose. Brief for Respondents 14-15.

Once it is clear that in camera review does not destroy the privileged nature of the contested communications, the question of the propriety of that review turns on whether the policies underlying the privilege and its exceptions are better fostered by permitting such review or by prohibiting it. In our view, the costs of imposing an absolute bar to consideration of the communications in camera for purpose of establishing the crime-fraud exception are intolerably high.

"No matter how light the burden of proof which confronts the party claiming the exception, there are many blatant abuses of privilege which cannot be substantiated by extrinsic evidence. This is particularly true . . . of . . . situations in which an alleged illegal proposal is made in the context of a relationship which has an apparent legitimate end." Note, The Future Crime or Tort Exception to Communications Privileges, 77 Harv. L. Rev. 730, 737 (1964). A per se rule that the communications in question may never be considered creates, we feel, too great an impediment to the proper functioning of the adversary process. See generally 2 D. Louisell & C. Mueller, Federal Evidence § 213, pp. 828-829 (1985); 2 J. Weinstein & M. Berger, Weinstein's Evidence para. 503(d)(1)[01], p. 503-71. This view is consistent with current trends in the law. Compare National Conference of Commissioners on Uniform State Laws, Uniform Rules of Evidence, Rule 26(2)(a) (1953 ed.) ("such privilege shall not extend . . . to a communication if the judge finds that sufficient evidence, aside from the communication, has been introduced to warrant a finding that the legal service was sought or obtained in order to enable or aid the client to commit or plan to commit a crime or tort" (emphasis added)), reprinted in 1 J. Bailey & O. Trelles, The Federal Rules of Evidence: Legislative Histories and Related Documents (1980), with 13A Uniform Laws Annotated, Uniform Rules of Evidence, Rule 502 (adopted 1974) (omitting explicit independent evidence requirement).

B

We turn to the question whether in camera review at the behest of the party asserting the crime-fraud exception is always permissible, or, in contrast, whether the party seeking in camera review must make some threshold showing that such review is appropriate. In addressing this question, we attend to the detrimental effect, if any, of in camera review on the policies underlying the privilege and on the orderly administration of justice in our courts. We conclude that some such showing must be made.

Our endorsement of the practice of testing proponents' privilege claims through in camera review of the allegedly privileged documents has not been without reservation. This Court noted in United States v. Reynolds, 345 U. S. 1 (1953), as case which presented a delicate question concerning the disclosure of military secrets, that "examination of the evidence, even by the judge alone, in chambers" might in some cases "jeopardize the security which the privilege is meant to protect." Id., at 10. Analogizing to claims of Fifth Amendment privilege, it observed more generally: "Too much judicial inquiry into the claim of privilege would force disclosure of the thing the privilege was meant to protect, while a complete abandonment of judicial control would lead to intolerable abuses." Id., at 8.

The Court in Reynolds recognized that some compromise must be reached. See also United States v. Weisman, 111 F. 2d 260, 261-262 (CA2 1940). In Reynolds, it declined to "go so far as to say that the court may automatically require a complete disclosure to the judge before the claim of privilege will be accepted in any case" (emphasis added). 345 U. S. at 10. We think that much the same result is in order here.

A blanket rule allowing in camera review as a tool for determining the applicability of the crime-fraud exception, as Reynolds suggests, would place the policy of protecting open and legitimate disclosure between attorneys and clients at undue risk. There is also reason to be concerned about the possible due process implications of routine use of in camera proceedings. See, e. g., In re John Doe Corp., 675 F. 2d 482, 489-490 (CA2 1982); In re Special September 1978 Grand Jury, 640 F. 2d 49, 56-58 (CA7 1980). Finally, we cannot ignore the burdens in camera review places upon the district courts, which may well be required to evaluate large evidentiary records without open adversarial guidance by the parties.

There is no reason to permit opponents of the privilege to engage in groundless fishing expeditions, with the district courts as their unwitting (and perhaps unwilling) agents. Courts of Appeals have suggested that in camera review is available to evaluate claims of crime or fraud only "when justified." In re John Doe Corp., 675 F. 2d, at 490, or "[i]n appropriate cases." In re Sealed Case, 219 U. S. App. D. C. 195, 217, 676 F. 2d 793, 815 (1982) (opinion of Wright, J.). Indeed, the Solicitor General conceded at oral argument (albeit reluctantly) that a district court would be mistaken if it reviewed documents in camera solely because "the government beg[ged it]" to do so, "with no reason to suspect crime or fraud." Tr. of Oral Arg. 26; see also id., at 60. We agree.

In fashioning a standard for determining when in camera review is appropriate, we begin with the observation that "in camera inspection . . . is a smaller intrusion upon the confidentiality of the attorney-client relationship than is public disclosure." Fried, Too High a Price for Truth: The Exception to the Attorney-Client Privilege for Contemplated Crimes and Frauds, 64 N. C. L. Rev. 443, 467 (1986). We therefore conclude that a lesser evidentiary showing is needed to trigger in camera review than is required ultimately to overcome the privilege. Ibid. The threshold we set, in other words, need not be a stringent one.

We think that the following standard strikes the correct balance. Before engaging in in camera review to determine the applicability of the crime-fraud exception, "the judge should require a showing of a factual basis adequate to support a good faith belief by a reasonable person," Caldwell v. District Court, 644 P. 2d 26, 33 (Colo. 1982), that in camera review of the materials may reveal evidence to establish the claim that the crime-fraud exception applies.

Once that showing is made, the decision whether to engage in in camera review rests in the sound discretion of the district court. The court should make that decision in light of the facts and circumstances of the particular case, including, among other things, the volume of materials the district court has been asked to review, the relevant importance to the case of the alleged privileged information, and the likelihood that the evidence produced through in camera review, together with other available evidence then before the court, will establish that the crime-fraud exception does apply. The district court is also free to defer its in camera review if it concludes that additional evidence in support of the crime-fraud exception may be available that is not allegedly privileged, and that production of the additional evidence will not unduly disrupt or delay the proceedings.

The question remains as to what kind of evidence a district court may consider in determining whether it has the discretion to undertake an in camera review of an allegedly privileged communication at the behest of the party opposing the privilege. Here, the issue is whether the partial transcripts may be used by the IRS in support of its request for in camera review of the tapes.

The answer to that question, in the first instance, must be found in Rule 104(a), which establishes that materials that have been determined to be privileged may not be considered in making the preliminary determination of the existence of a privilege. Neither the District Court nor the Court of Appeals made factual findings as to the privileged nature of the partial transcripts,[11] so we cannot determine on this record whether Rule 104(a) would bar their consideration.

Assuming for the moment, however, that no rule of privilege bars the IRS' use of the partial transcripts, we fail to see what purpose would be served by excluding the transcripts from the District Court's consideration. There can be little doubt that partial transcripts, or other evidence directly but incompletely reflecting the content of the contested communications, generally will be strong evidence of the subject matter of the communications themselves. Permitting district courts to consider this type of evidence would aid them substantially in rapidly and reliably determining whether in camera review is appropriate.

Respondents suggest only one serious countervailing consideration. In their view, a rule that would allow an opponent of the privilege to rely on such material would encourage litigants to elicit confidential information from disaffected employees or others who have access to the information. Tr. of Oral Arg. 40-41. We think that deterring the aggressive pursuit of relevant information from third-party sources is not sufficiently central to the policies of the attorney-client privilege to require use to adopt the exclusionary rule urged by respondents. We conclude that the party opposing the privilege may use any nonprivileged evidence in support of its request for in camera review, even if its evidence is not "independent" of the contested communications as the Court of Appeals uses that term.[12]

D

In sum, we conclude that a rigid independent evidence requirement does not comport with "reason and experience," Fed. Rule Evid. 502, and we decline to adopt it as part of the developing federal common law of evidentiary privileges. We hold that in camera review may be used to determine whether allegedly privileged attorney-client communications fall within the crime-fraud exception. We further hold, however, that before a district court may engage in in camera review at the request of the party opposing the privilege, that party must present evidence sufficient to support a reasonable belief that in camera review may yield evidence that establishes the exception's applicability. Finally, we hold that the threshold showing to obtain in camera review may be met by using any relevant evidence, lawfully obtained, that has not been adjudicated to be privileged.

Because the Court of Appeals employed a rigid independent-evidence requirement which categorically excluded the partial transcripts and the tapes themselves from consideration, we vacate its judgment on this issue and remand the case for further proceedings consistent with this opinion. On remand, the Court of Appeals should consider whether the District Court's refusal to listen to the tapes in toto was justified by the manner in which the IRS presented and preserved its request for in camera review.[13] In the event the Court of Appeals holds that the IRS' demand for review was properly preserved, the Court of Appeals should then determine, or remand the case to the District Court to determine in the first instance, whether the IRS has presented a sufficient evidentiary basis for in camera review, and whether, if so, it is appropriate for the District Court, in its discretion, to grant such review.

It is so ordered.

JUSTICE BRENNAN took no part in the consideration or decision of this case.

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[11] There are no findings as to whether respondents themselves would be privileged to resist a demand that they produce the partial transcripts. Nor has there been any legal and factual exploration of whether respondents may claim privilege as a bar to the IRS' use of the copy of the transcripts it lawfully obtained from a third party. See, e. g., Developments — Privileged Communications, 98 Harv. L. Rev., at 1648, 1660-1661 (discussing controversy concerning the legal effect of an inadvertent disclosure which does not constitute a waiver of the privilege, and citing cases); 8 Wigmore § 2326.

[12] In addition, we conclude that evidence that is not "independent" of the contents of allegedly privileged communications—like the partial transcripts in this case—may be used not only in the pursuit of in camera review, but also may provide the evidentiary basis for the ultimate showing that the crime-fraud exception applies. We see little to distinguish these two uses: in both circumstances, if the evidence has not itself been determined to be privileged, its exclusion does not serve the policies which underlie the attorney-client privilege. See generally Note, The Future Crime or Tort Exception to Communications Privileges, 77 Harv. L Rev. 730, 737 (1964).

[13] The Court of Appeals also will have the opportunity to review the partial transcripts, and to determine whether, even without in camera review of the tapes, the IRS presented sufficient evidence to establish that the tapes are within the crime-fraud exception.

Cite as 89 C.D.O.S. 4620

THE FLORIDA STAR, Appellant, v. B. J. F. DYNAMICS CORP., et al.

No. 87-329
On Appeal from the District Court of Appeal of Florida, First District
(499 So.2d 883)
Filed June 21, 1989

JUSTICE MARSHALL delivered the opinion of the Court.

Florida Stat. § 794.03 (1987) makes it unlawful to "print, publish, or broadcast . . . in any instrument of mass communication" the name of the victim of a sexual offense.[1] Pursuant to this statute, appellant The Florida Star was found civilly liable for publishing the name of a rape victim which it had obtained from a publicly released police report. The issue presented here is whether this result comports with the First Amendment. We hold it does not.

---

[1] The statute provides in its entirety:

"Unlawful to publish or broadcast information identifying sexual offense victim.—No person shall print, publish, or broadcast, or cause or allow to be printed, published, or broadcast, in any instrument of mass communication the name, address, or other identifying fact or information of the victim of any sexual offense within this chapter. An offense under this section shall constitute a misdemeanor of the second degree, punishable as provided in § 775.082, § 775.083, or § 775.084." Fla. Stat. § 794.03 (1987).

FREEDOM

APRIL/MAY 1985

THE INDEPENDENT JOURNAL PUBLISHED BY THE CHURCH OF SCIENTOLOGY®

SPECIAL EDITION

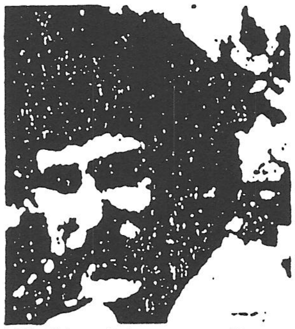
Videotapes of Federal Informant Reveal Bizarre Government Plot to Destroy Church

Special FREEDOM Report

Videotapes made of a police-sanctioned "sting" operation, showing a series of clandestine meetings between a federal witness and a member of the Church of Scientology, were recently exposed in a Portland, Oregon, civil court. They outline a bizarre, multi-government-agency plot designed to take over the control, property and assets of the Church, in blatant violation of constitutional rights and freedoms guaranteed by the First Amendment.

The evidence presented in the videotapes, copies of which were recently obtained by FREEDOM, reveals that members of various government agencies — including the FBI, the IRS, the Department of Justice, and Canada's Ontario Provincial Police — and a Boston lawyer named Michael Flynn directed and superyised the "running" of a covert government intelligence operative, Gerry Armstrong, in a carefully orchestrated conspiracy to overthrow current Church leadership and seize the Church's sizable property and assets.

Boston lawyer Michael Flynn.



IRS Criminal Investigation Division special agent Al Lipkin.

This conspiracy was brought to light when a private investigator, working under the supervision of a Church attorney, obtained written permission from the Los Angeles Police Department to document criminal actions being planned against the Church in an effort to "bring it to its knees."

Advised of the efforts of a government informant to steal confidential Church documents and plant incriminating and fabricated "evidence" in Church files, a Church staff member arranged to meet with the informant under a guise.

The Church member told the informant that he was part of a group within the Church that was dissatisfied with current Church leadership and wished to improve matters internally. He called his fictitious group the "Loyalists." Seeing this as a golden opportunity to infiltrate the Church and get his orders executed, and after several telephone conversations and reassurances from other fictitious sources, the informant set up a series of secret meetings on a park bench in Los Angeles with the "Loyalist." There he unfolded his bizarre plans and exposed the government plot to infiltrate and "smash" the Church.

With the videotapes exposed in open court, the editors of FREEDOM felt it imperative that the facts and details of this incredible operation be broadly published.

THE CAST

The cast of characters involved in this clandestine plot include government agents in Washington, D.C., Boston and Los Angeles, among others:

- GERALD ARMSTRONG: A traitorous ex-Scientology clerk who left the Church of Scientology in 1982, he is now an itinerant, unemployed federal witness and government informant/operative. When he left, he stole thousands of valuable Church archival documents. He became an informant so that he could infiltrate the Church from the outside. To carry out the government's plan, Armstrong was apparently trained and rehearsed by his lawyer, Michael Flynn, and by his several contacts in various government agencies.

Conversations on the videotapes indicate that Armstrong was a government agent even prior to leaving the Church. Ongoing investigations have revealed that Armstrong may in fact have been a government plant from the first time he contacted the Church of Scientology in 1969;

- BRACKETT BADGER DENNISTON III, ASSISTANT U.S. ATTORNEY IN BOSTON: He had been assigned to investigate an attempt to pass a $2 million forged check on an account of Scientology founder L. Ron Hubbard. Denniston stonewalled the investigation into Flynn's involvement in the crime. To this day, he has not followed up on the volumes of persuasive evidence given to him by Church attorneys and their investigators exposing Flynn as one of the perpetrators of the crime.

IRS Criminal Investigation Division special agent Al Ristuccia.

Armstrong has testified to the fact that during the attempted infiltration of the Church, he was passing covertly obtained information concerning Church matters to Denniston. According to the videotapes, Denniston was in contact with both Armstrong and Flynn during his stonewalling of the investigation into Flynn's involvement in the $2 million check forgery.

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FREEDOM GUEST EDITORIAL

COINTELPRO:
Alive and Well in America

by L. Fletcher Prouty

COINTELPRO is an acronym for COunter-INTELligence PROgram.

COINTELPRO was a secret program implemented by J. Edgar Hoover's FBI that continued under this official name for approximately 15 years. When it was ostensibly discontinued at congressional insistence in the 1970s, it had a sordid 15-year record of shattered lives, disrupted or destroyed organizations, and outrageous violations of constitutional rights.

The CIA had a similar program called CHAOS. CHAOS, like COINTELPRO, came under heavy congressional attack, and in 1974, it too was outlawed.

These programs were earmarked by such activities as the following:

- Anonymous death threats made to leaders or members of a targeted group;
- False rumors circulated in order to promote strife between groups or between factions of groups;
- Breaking into homes and offices to steal documents, plant evidence, or install bugging devices;
- Use of agents provocateurs to induce members of targeted groups to commit illegal acts; and
- Widespread dissemination of false and derogatory information about targeted groups and individuals.

"Dirty tricks" were the order of the day, with some of the deeds so dirty that actual deaths resulted.

One target of both COINTELPRO and CHAOS operations was the Rev. Dr. Martin Luther King Jr. The actions leveled at Dr. King included attempts to defame him by "leaking" stories of alleged sexual improprieties to his wife and to news media, attempts to prevent him from getting the Nobel Peace Prize, and even an attempt to induce him to commit suicide.

With the outlawing of COINTELPRO and CHAOS by Congress, I thought that such actions had been terminated.

I have recently, however, seen evidence that these programs are still alive and proliferating. Now, in fact, they are even more bizarre and insidious.

The videotapes of government informant Gerry Armstrong show an informant who has been well indoctrinated in the techniques of psychological warfare in modern dress.

Following the classic modus operandi of infiltration, penetration, disruption, and then control, Armstrong has demonstrated how well he has been coached for his role by his government mentors.

The government agencies involved trained their informant well in the ways of undercover organizational takeover. They planned to create a dissident sector from within to penetrate and take over the Church of Scientology. This tactic is straight out of the Nazi subversion textbook.

Infiltrate and Overthrow

The master of such tactics was Nazi Germany's propaganda minister, Joseph Goebbels. Goebbels plotted to infiltrate and overthrow the governments of Europe with the use of trained agents provocateurs.

Government agents working with Armstrong, as described by Armstrong in his own words on the videotapes, are exploiting the same methods used by the early Nazi organizers to create the Third Reich. The tactics are the same.

L. Fletcher Prouty

The videotapes demonstrate that the government agents know and practice their "black" arts well, and that they are ready to use them against all targets — including churches.

It is obvious to me, from closely observing these videotapes, that these agencies, have trained this informant and his accomplices and supported them in these acts.

> "The videotapes of government informant Gerry Armstrong show an informant who has been well indoctrinated in the techniques of psychological warfare in modern dress."

This is an ominous reminder of those dread days of the now-outlawed CHAOS and COINTELPRO programs of the CIA and FBI. We see, with this trained informant, the addition of the IRS's Criminal Investigation Division, Canada's Ontario Provincial Police, even a Department of Justice attorney, and their willing tool, a lawyer from Boston, to the old and forbidden list of hardcore government departments and agencies that were in operation in the 1950s, 1960s and 1970s in a present-day alliance for the re-enactment of the same type of unlawful activity.

The evidence shows that a dangerous and blatant threat against elements of our society can be mounted by these agencies of our own government. This inevitably leads to violations of our basic rights and freedoms. The American people can no longer sit back idly and ignore the danger posed by such unlawful and prohibited acts by their own government bodies. ▲

L. Fletcher Prouty, a retired U.S. Air Force colonel, served with the Office of the Secretary of Defense and was assigned to duties that brought him into daily contact with the CIA and other government agencies and departments during his nine years in the Pentagon.

Mr. Prouty, author of The Secret Team, *a controversial book about the CIA, is a leading authority on U.S. intelligence activities.*

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"His first name is Brackett. Last name is Denniston. D-E-N-N-I-S-T-O-N. And he's (617) 223-2280. He's the assistant U.S. attorney involved in the Tamimi thing. . . ."

PLOT

continued from page 1

It is apparent from the videotapes that Denniston planned to exonerate Flynn and accuse the Scientologists of attempting to frame the Boston lawyer for the crime. Obtaining "evidence" of this would apparently be accomplished through covert planting of false documents in Church files with the help of Armstrong and his "Loyalists";

- RICHARD GREENBERG, ASSISTANT U.S. ATTORNEY IN WASHINGTON, D.C.: He is the government's lead counsel in a class action lawsuit filed by the Church against a number of government agencies. The lawsuit charges the government with conducting a 35-year campaign of harassment and disinformation against Scientology Churches and individuals. Greenberg was in regular contact with the informant during his attempts to get the Church's civil rights suit against the government agencies dismissed;
- THOMAS DOUGHTY, SPECIAL ASSISTANT U.S. ATTORNEY FOR THE FBI IN WASHINGTON, D.C.: He is the FBI's attorney in an ongoing lawsuit filed by the Church of Scientology against the FBI for violations of the Church's constitutional rights in connection with a massive raid which the agency conducted against the Church in 1977. Doughty, like Greenberg, was in contact with the informant while representing the FBI in this suit;
- AL LIPKIN, IRS CRIMINAL INVESTIGATION DIVISION (CID) SPECIAL AGENT: Lipkin was heavily involved in the plot to wrest control of the Church from its current leaders and was in regular, daily contact with his operative, Armstrong. He is known to be conducting a quasi-criminal investigation into supposed "tax violations" by the Church and named individuals. He, too, ran Armstrong in the plot to collect or fabricate information to build his "case";
- AL RISTUCCIA, IRS CRIMINAL INVESTIGATION DIVISION (CID) SPECIAL AGENT: He was Armstrong's backup IRS contact in the event that Lipkin could not be reached;
- AL CIAMPINI, DETECTIVE SERGEANT OF CANADA'S ONTARIO PROVINCIAL POLICE: In 1983, after submitting an intentionally misleading and slanted affidavit, Ciampini engineered a massive police raid on the Church in Toronto. Compelled by his animosity, he has pressed for indictments of Scientology parishioners and staff. Ciampini was working in very close coordination with Armstrong and, according to Armstrong, was pushing to get up to 26 top Scientology management executives indicted in Canada, so that the Church would be crippled, directionless and unable to defend itself from Flynn, Armstrong and the "Loyalists"; and
- MICHAEL FLYNN, BOSTON LAWYER: Flynn, an ex-IRS employee and Armstrong's attorney, has been a longtime foe of the Church. Flynn set up a corporation to solicit clients and attorneys in his attempt to bring the Church "to its knees" financially while lining his own pockets. He is known to be in very close coordination with several government agencies in the exchange of information and plans concerning the Church.

Flynn has instigated lawsuits across the country in which more than $1 billion in damages are being sought from Church corporations and Scientologists. Armstrong revealed that Flynn planned to settle all of his suits, once the current Church leadership was removed, at a rate of five cents on the dollar.

There is evidence that Flynn's clients have signed 50 per cent contingency fee agreements with him. At five cents on the dollar Flynn stood to line his pockets with $25 million at the expense of the Church of Scientology.

Flynn, after hearing of the success of his client, Armstrong, in infiltrating the Church by finding an "in" with the "Loyalists," drafted a lawsuit that he gave to Armstrong to pass on. The lawsuit was for use by the "Loyalists" to file against current Church executives "when the time was right." It was designed to wrest ultimate control of the Church corporate structure, assets and bank accounts. these would then be made available to settle the multitudinous lawsuits Flynn had brought against the Church and Scientology's founder.

THE PLOT

The plot against the Church was carefully engineered with multi-agency cooperation.

The characters involved in the plot are clearly shown in the videotapes to have conspired to:

- Direct an intelligence operation which would result in a group within the Church filing a lawsuit drafted by Flynn. The suit was designed to obtain a receivership of all properties and assets of the Church. It would be based on false allegations — with no factual support beyond what would be planted in Church files. The newly installed government-controlled Church leadership would then immediately settle all of Flynn's litigation, handing millions of dollars over to Flynn.
- Steal documents from the Church to serve as models for forgeries;

continued on page 4

AN INFORMANT'S DIRECTORY

"Referring to a large black book which he held in his lap, Armstrong rattled off a list of names of government agents and their phone numbers."

Al Lipkin, IRS Criminal Investigation Division:
(213) 688-4260, at night: 688-4161
Richard Greenberg, assistant U.S. attorney:
(202) 633-3368
Thomas Doughty, special assistant U.S. attorney for the FBI:
(202) 324-4532
Al Ristuccia, IRS Criminal Investigation Division:
(213) 688-4261
Al Ciampini, Ontario Provincial Police:
(416) 965-6138
Brackett Denniston, assistant U.S. attorney:
(617) 223-2280

PLOT

continued from page 3

- Plant forged documents in Church files which could be "discovered" by government agents during a raid and which would then serve as incriminating evidence against the Church;
- Steal attorney-client privileged communications, including legal strategies of the Church and plans involving its litigation with Flynn; and
- Conspire to suborn perjury in order to cover up the extensive and sordid criminal conspiracy, and particularly to prevent any disclosure of Flynn's involvement.

The videotapes provide clearcut evidence of the Flynn/government agency conspiracy to overthrow the current Church leadership. A new, "cooperative" Church leadership would then accede to a "global settlement" of the extensive Flynn-inspired litigation against the Church, from which Flynn and his cohorts hoped to profit handsomely.

"Friends" In IRS CID

Convinced by several phone conversations with a Church staff member, code-named "Joey," that he could manipulate the "Loyalists," Armstrong arranged a meeting in Los Angeles' Griffith Park on November 7, 1984.

Intent upon motivating the "Loyalists" to take control of the Church of Scientology, Armstrong emphasized to "Joey," the "Loyalists'" representative, that he had the full weight of the government behind him.

Referring to a large black book which he held in his lap, Armstrong rattled off a list of names of government agents and their phone numbers. He wanted "Joey" to call these agents to set up a meeting in which information could be exchanged and instructions could be given to the "Loyalists."

The meeting between the "Loyalists" and the government agents was important to Armstrong, as it would seal the conspiracy, with Armstrong as a central character.

The following conversation took place between Armstrong and "Joey" at the November 7 meeting:

[Editor's note: GA = Armstrong; J = "Jory."]

GA: OK. Well, the agencies have asked for some specific things. That's all they've asked for. Now . . .

J: Let me take notes. What have they asked for?

GA: Well, they asked for — specifically, now — some of the things you've already asked for, and I've already passed on. The names that they mentioned — Marlowe, Reynolds [Church staff members] . . .

J: Now, who wanted this?

GA: CID.

J: Got it.

GA: Now, do you want a number in CID?

J: Yeah.

GA: Your people should call — any problems, just call this guy. . . .

J: He knows about the Loyalists — what we're doing, stuff like that?

GA: Yeah. Basically, yeah.

J: What exactly have you told him and what did he say?

GA: I've told him — well, he feels that — he keeps saying, "When are these guys going to talk to me? I'll meet under any circumstances."

J: Wow!

GA: He wants to talk. You know, wait a — let me get — Al Lipkin, (213) 688-4260. At night, 688-4151. . . .

J: Great. Great. So, what agencies know about us and what do they want, and . . .

GA: Justice Department, FBI . . .

J: You talk to these guys?

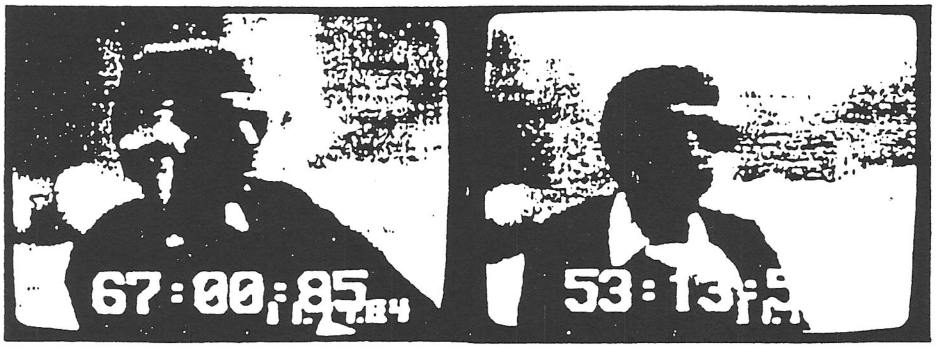
GA: Yeah, I do. Yeah.

J: Like, who in Justice? Is there a number I can call

"I passed on to (IRS CID special agent) Lipkin yesterday to go after (Church coordinating attorney) Peterson; he should go after him with f__king tooth and nails."

there?
GA: Uh, Richard Greenberg. I gave you that one, I think. He's the guy you should call. I'll give you that number. He's in D.C. . . OK. Uh, (202) 633-3368. I gave you one for Tom Doughty, FBI in D.C.

J: What's his name again?
GA: Tom. Thomas D. Doughty. D-O-U-G-H-T-Y. (202) 324-4532. I gave you CID. There's another guy in CID . . .
J: Yeah, Al Lipkin?
GA: . . . Al Ristuccia. R-I-S-T-U-C-C-I-A.
J: Is this Al, too?
GA: Albert, yeah. And — 688-4261. It may be the same as the other one I gave you — I'm not sure. Al Lipkin? No, the other one is -4260. OK.
J: This is CID?
GA: Yeah, I believe that's how he can be reached. I'm taking a f__k of a chance doing this! So are you. But there is a lot of . . .
J: What does he need from me? What does he want? Or is it just backup for what I need?
GA: Well, it ties in. He would like to get everyone to talk so that they can move. But — but at the same time, I always say to him, "Listen, you're putting us in an uncomfortable situation. If you're telling me you haven't got enough to move right now, and I'm giving you the testimony, then I'm a marked man if you guys back off the investigation." The reason I do that is not because I'm particularly paranoid but because I'm searching for what's going on in their skull. He assured me the investigation's going forward: "We've got enough; that's just the way the government works."
J: Canada?
GA: Oh, in Canada, you know . . the guy I've talked to a lot is Al Ciampini. (416) 965-6138.
J: Who was he with again?
GA: He's with the Ontario Provincial Police. Michael — Mike [Flynn] also thinks that the Florida attorney general is going to bring some charges. Uh, the — you know the whole FREEDOM thing? [This was in reference to FREEDOM's Issue 61, in which affidavits from Ala Fadili Al Tamimi and his brother, Akil Abdul Amir Al Fadili Al Tamimi, were presented in a special supplement detailing Michael Flynn's involvement in a $2 million forged check conspiracy. In the ensuing months, the FBI and the Department of Justice successfully stonewalled attempts to have the crime investigated.] Mike [Flynn] got an indication from — did I give you the name of the guy who's handling that investigation?
J: No.
GA: The Tamimi investigation? Uh, let's see — uh, Brackett Denniston. His first name is Brackett. Last name is Denniston. D-E-N-N-I-S-T-O-N. And he's (617) 223-2280. He's the assistant U.S. attorney involved in the Tamimi thing. . . .



"I don't have this thing about life and death that I used to have. In fact, I would rather welcome a bullet."

FREEDOM was able to contact Richard Greenberg, Al Lipkin and Al Ristuccia at the numbers provided by Gerry Armstrong. All three individuals refused to answer any questions about Armstrong.

Repeated attempts to contact Thomas Doughty and Brackett Denniston were unsuccessful, as FREEDOM was told they were unavailable. Al Ciampini was not in his office.

FREEDOM also tried to reach Michael Flynn, but Flynn had left for the day. He did not return our call.

The Planned Takeover

It was crucial for the success of the planned takeover that the "Loyalists" gain access to confidential Church files, so that they could plant fabricated, incriminating evidence against the Church leaders.

These documents would then be "discovered" by government agents and used to bring indictments, which would allow the "Loyalists" to move in and take over the Church.

Armstrong stressed the importance of staying in close contact with CID, to make sure the "Loyalists" did what CID needed them to do.

GA: I'll tell you who wants to talk to you is CID. CID are the guys. That's the most likely, absolutely the most likely place in which the whole thing will happen. . . Every time I talk to CID about you guys, they say, "God, have them talk to us." You know, they want to talk about the way things are. .

Armstrong relayed the government strategy to gain control by dividing the Church into separate groups or "cells," which would make it easier for the "Loyalists" to take over.

GA: I don't know if it makes sense to you to sort of divide up the organization and — uh, go after people on that basis. Just so that — you know, "Sh_t, we have this group covered," and then divide it up structurally, so that you have all the various key points which have to be covered. I think that you guys will be able to take over and then use operating income to continue the battle. And that way you can secure the buildings, take it over, and I think that it's going to take that kind of thing . . .

He and IRS CID special agent Lipkin had already discussed the dangers of such a plan, and Armstrong reassured "Joey" that Lipkin "already talks about safe houses and relocating and renaming people." The IRS, in other words, would take care of them.

GA: They want to talk to you people. They want — uh, yeah, there's two things. Number one: you guys should, I think, make plans at least, in the event that the whole thing is blown — someone breaks or whatever — exactly how to handle it.

Armstrong explained to "Joey" that once they actually filed their suit, they would be rewarded with official government protection.

GA: As soon as that happens, they become federal witnesses, and the organization's not going to f__k with them. Or if it does . .

Gathering the "Evidence"

Armstrong had specific instructions on what kind of information should be collected from within the Church. He desperately wanted someone in a position to have access to confidential Church files, computer records and attorney-client privileged information, and he was crestfallen when "Joey" told him he couldn't get into the computer files.

GA: No one that we have any control of can look in computer records . . . ?
J: I don't have access to computers. We don't have access to computers.
GA: Oh, you don't. OK. That's good to know. I thought you had someone in there, but that's fine.

Armstrong came to the secret meetings armed with a government "shopping list" which detailed the particular information the "Loyalists" were expected to gather.

GA: These are my — what is it you call it — a shopping list.
J: Right; your questions are on the back.

continued on page 6

THE CONSPIRAT

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PLOT

continued from page 5

GA: My questions are at the back, yeah.
J: (reading the note) How much pay to Ingram [a private investigator], by whom, what corps [corporations] and individuals, when each payment made, how much for all other PIs [private investigators]. . . . The specifics on this stuff.
GA: Right.
J: Now, once again, this is in attorneys' offices and maybe they can find out how much is paid to the attorneys.

Far from being concerned about violating attorney-client privilege, Armstrong encouraged "Joey" to search the Church's attorney files. He was particularly interested in going after Church coordinating attorney John Peterson, who was the Church's lead attorney and whom Armstrong perceived as a threat to himself and his co-conspirators.

GA: I passed on to [IRS CID special agent] Lipkin yesterday to go after Peterson; he should go after him with f__king tooth and nails. .

Armstrong asked "Joey" to recruit someone high up in the legal department of the Church who could gain access to attorney-client privileged materials.

GA: Check the goddamn finance records, if you have access. This is the sort of stuff which you need in order to put together the coup de grace.

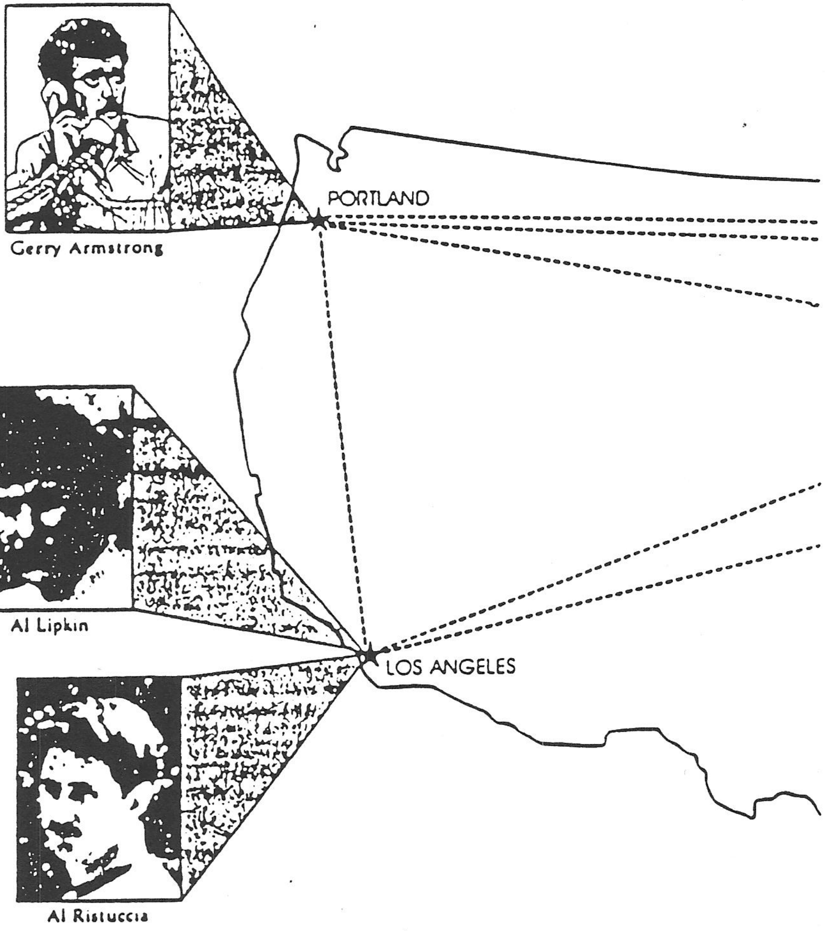
Armstrong — undoubtedly reflecting the interests of his IRS CID "friends" — was particularly interested in payments made to Church attorneys and private investigators. The plan was somehow to use the information to attack Church officials for using Church funds for the legal defense of the Church — as though there were something wrong with this.

GA: You should find out all payments made that went to attorneys, because I have people who can trace those bank accounts* and see where the disbursements went from those accounts. You following me? . . . But not only for your suit, but to give to the various people that are involved. You know, so that Brackett Denniston, [assistant U.S. attorney in Boston, Massachusetts] who is investigating Ingram, knows. If we can get anything on Ingram, anything on Peterson, anything on finance records . . . it's all vital.

If no evidence existed, Armstrong suggested, "Joey" could fabricate it, plant it in Church offices, and let the "feds" know where to look when they went "hunting."

Armstrong's idea was for the defectors to write proposals for the revision of Church policy, including in their proposals statements implying that illegal actions were occurring within the Church about which they were very concerned. Armstrong called these planned proposals "CSWs," using a Church abbreviation for "proposal":

GA: So therefore, here's my



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* According to L. Fletcher Prouty, who was a vice president of a major bank in Washington, D.C., following his retirement from the Air Force as a colonel, the only people with the authority to "trace bank accounts" are employees of the FBI who have been granted specific power to do so.

ORIAL NETWORK

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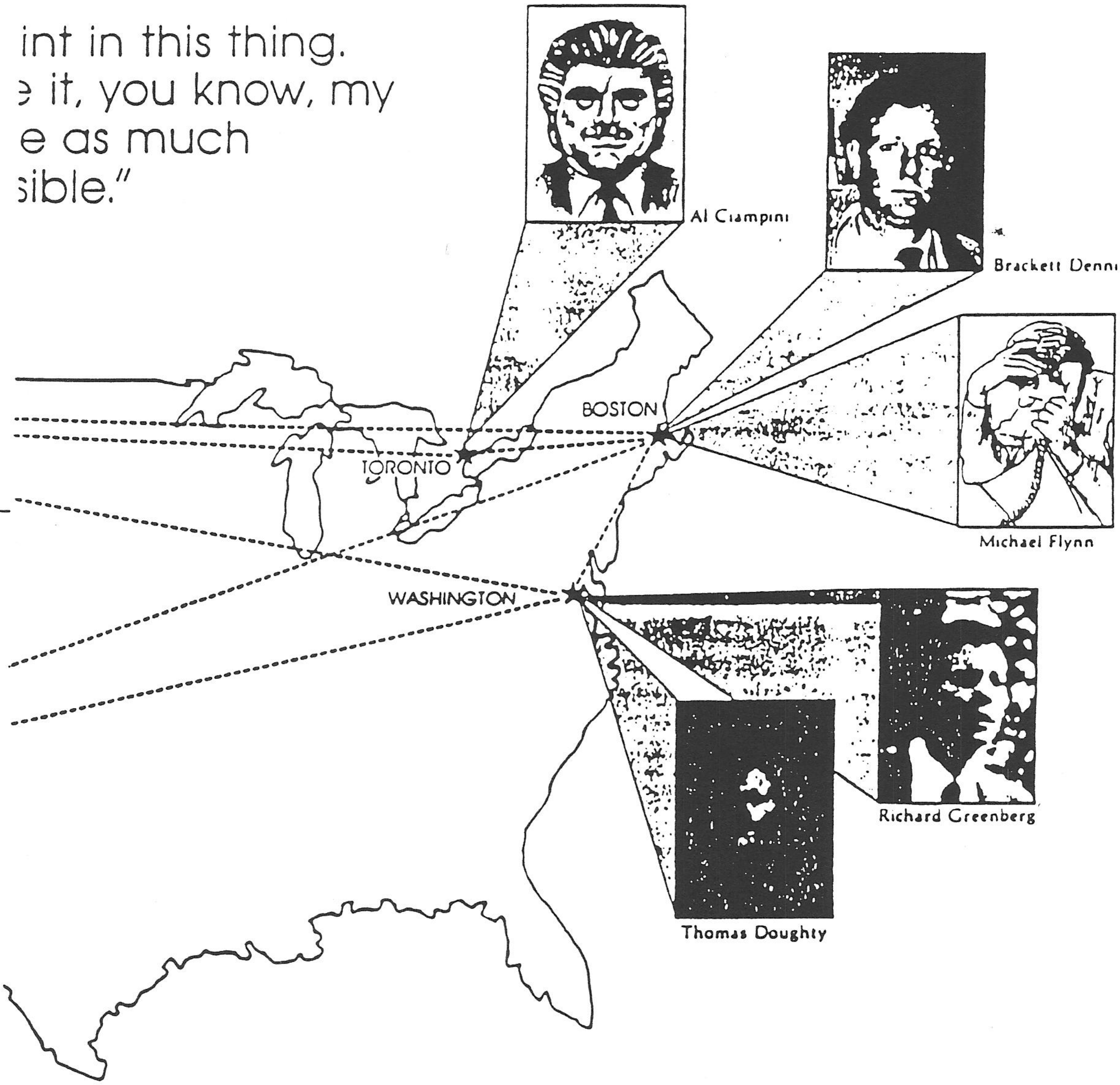

proposal, and just the fact of having that goddamn proposal of some guy . . . you've got such incriminating information in the CSW, you follow?

J: So we put a letter together saying that . . .

GA: I'm saying a CSW, and you keep your copy of the CSW. They [the feds] are going to come around hunting — “Where the f__k is it? Ah, sh_t, got rid of it all!” Except you've made it off the property and you've got it somewhere. Type it off the property and bring it in. There's no problem bringing stuff in, right? You could bring stuff in — maybe you can't sit at your desk and type it — I don't know. . . . But just maybe that sort of stuff can be done — issues [published Church guidelines and information] could be created, stuff can go in. . . . And that's the sort of material which we'll use to put into the affidavits.

Armstrong considered it so urgent that this be done that he was even ready to write the affidavits himself.

GA: You guys are going to need to put out issues when this thing happens . . . You should be preparing — right now, in my opinion — goddamn affidavits that I can be — that we can put into a computer and have run off and ready to go. I can write — I write legal sh_t! . . . You see, you're going to need someone who — you know — you can give me a rough draft and —

continued on page e

PLOT

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you know, we can rework it and send the damn thing back to you for signature!

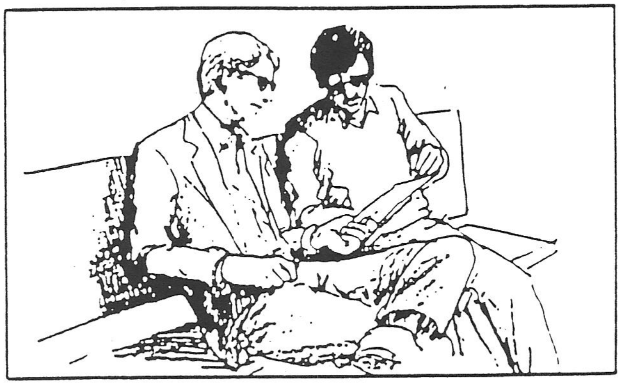
In a conversation with another "Loyalist" named "Mike," Armstrong specifically asked for allegations of criminal activities.

[*Editor's note: M = "Mike."*]

GA: There are hundreds of lawsuits. That's standardly what lawsuits are, you know, a lot of times, uh — lawsuits have that form. It is simply a disagreement over who has control of corporate funds. That is — that is simply the issue. They don't allege that there was any criminal misconduct or illegal use of the funds or anything.
M: But this is alleging that there's criminal misconduct.
GA: That's right, and the reason for that is because with that, if you can get any of those things, then — then the court can act immediately to freeze the accounts.

When "Mike" explained that there was no evidence of criminal acts on the part of the Church, Armstrong became very impatient. On two separate occasions, he stressed that the filing of a lawsuit against the Church was not dependent upon evidence of wrongdoing. Armstrong insisted that they didn't have to *prove* anything — they just had to make the allegations.

GA: How much was paid to Ingram?
M: I don't know that data yet.
GA: Who paid?
M: I presume the attorneys paid him.
GA: Yeah, but it comes from your [the Church's] money.
M: Right, so then it would be how much is paid to the attorneys, right? I mean, that's what we would want to know.
GA: Who gets an accounting of what — you know, your board members. Your f__king board members! The guy's on the board and you can't find out? Those are the people who should be signing it, who should be doing it.
M: OK. I'm not asking about whether they can find out, but whether they need to, in order to be able to do this. Do you see what I'm saying? It's like . . .
GA: They can *allege* it! They can *allege* it! They don't even have — they can *allege* it!
M: So, they don't have to — like, they don't have to have the document sitting in front of them, and then . .
GA: I'm f__king saying the organization destroys the documents! . . .
M: The point — the point I'm trying to get across is that that's not criminal. That's the — that's the civil complaint in there and that would have to be proven.
GA: Show me the lines you're talking about.
M: Well, it's over here.
GA: Where are the — we don't have to prove a goddamn thing. We don't have to prove sh_t. We just have to *allege* it.



> "I'll tell you who wants to talk to you is CID. CID are the guys. That's the most likely, absolutely the most likely place in which the whole thing will happen. . . ."

An Obvious Slip

Armstrong was exchanging information regularly with his lawyer, Michael Flynn, who wanted Armstrong to send him any and all materials provided by the "Loyalists."

On November 7, 1984, "Joey" gave Armstrong a number of Church issues which had been requested by Flynn.

J: . . . I have a whole bunch of documents here, and samples of different kinds. I can give you these.
GA: Good! This is, ah, like a kid in the candy shop!
J: I hope I got what you wanted here.
GA: Oh, so far, we're looking great!
J: OK, you want to take a look at them? I haven't really studied them closely, but maybe I can help you answer any questions.
GA: You know, I won't waste your time right now with going over all of this, because I know as I go through it and study it and study the legalese, I'm going to have a lot of questions. Mike [Flynn] is going to have a lot of questions. OK?
J: Yeah.
GA: . . . And I'm going to copy this stuff, send him [Flynn] off the package, and sort through it and see what the heck it really is all about.

This was obviously a slip on Armstrong's part. During a later meeting which took place on November 9, "Joey" asked him if he had had any recent conversations with Flynn, and Armstrong abruptly let him know that he intended to cover up Flynn's involvement in the conspiracy.

J: OK. Any news from Michael [Flynn]?
GA: No . . .
J: Great. I got this. This is good.
GA: By the way, I'll never admit that anything comes from Michael [Flynn], including any complaints which I may have drafted.
J: Why's that?
GA: Because that's what — that's how I've got to approach it.

Armstrong again made a slip during another conversation with "Mike" concerning the planned lawsuit. He could not hide the fact that Flynn was a key supporter and one of the masterminds behind the takeover plot.

The following exchange occurred during a meeting between Armstrong and "Mike" on November 30, 1984:

GA: . . . There's no one around, aside from Michael Flynn, who has an understanding of this whole f__king thing like I do, and that's a fact.
M: OK. I mean, is — is Flynn willing to help us on this?
GA: Well, what the f__k do you think? We talk every day about it! But that's not for you to report around.
M: No — OK, OK.
GA: Because I have no intention of hurting Mike Flynn.
M: Right.
GA: But I'm telling you, he's behind it 100 percent — absolutely behind it.

Flynn's Plans for the Church

Flynn's involvement in the takeover plot as revealed in the videotapes is not surprising, considering his history with the Church of Scientology.

It started officially in 1979, when Flynn created a corporation called Flynn Associates Management Corporation (FAMCO).

The purpose of FAMCO, as documented evidence has revealed, was to destroy the Church of Scientology through a series of class action and damages lawsuits designed to break the Church financially, with the profits accruing to FAMCO.

A 1981 FAMCO document entitled "Scientology — Review and Planning," detailed a simple four-point plan by which Flynn expected to achieve his purpose. The plan included:

1. Closing Scientology organizations;
2. Adverse media [against the Church];
3. Adverse public reaction [against the Church]; and
4. Federal and state attacks [against the Church].

Although Flynn has denied ever having implemented his plan, evidence provided by Armstrong in the videotapes indicates that Flynn's FAMCO plan was indeed activated.

Armstrong reassured "Joey" at one point that he had spoken to Flynn, and that Flynn felt it would be a very simple matter to do away with the established Church hierarchy and take over the Church.

GA: Well, this is how Mike [Flynn] sees the legal battle is going. What he sees is there's no other way — like, it's going to happen sooner or later, you know, because there's like a last skirmish going on and that's about it. . . . Ah, his feeling is that a couple — a handful of the right people with affidavits can end it — just end the whole damn thing.

Flynn had high hopes for winning his suits against the Church, and Armstrong reflected his sentiments.

> GA: They [the Church] only have to lose one, and attorneys all over the country are going to jump on the f__king bandwagon. And watch — you know, all of a sudden you've got precedents being established which are incredible. . . .

During conversations with "Mike" and "Joey," Armstrong's words mirrored Flynn's plan. He also provided an insight into how Flynn and the government intended to end the legal battles in short order, once the Church had been taken over.

Their plan was to convince the "Loyalists" to remain in the Church so that, once their suit was filed, they could move into top leadership positions. As government pawns, they would assist in the Flynn/government takeover of the Church.

> J: Yeah, the committee was interested In — you mentioned to me a long time ago — you saw, like the — that you were sort of like the "Meisner" [a government informant involved with the 1977 FBI raid on the Church who provided information against the Church of Scientology] of the Toronto raid, right?
> GA: Yeah.
>
> J: We file this suit, so whoever files it will sort of be like the "Meisner" here, again. Is that right?
> GA: Well, this is a different thing. Mike [Flynn] was pretty adamant last night. . . The difference is this: Meisner took off, right?
> J: Yeah.
> GA: I took off. Franks took off. Laurel took off. First Nelson took off. Mayo took off, OK? Every one of those people took off. We are all Meisners. You guys are not because you have it within your power to stay there. You have it within your power to simply say, "We are not moving," and watch what happens if you guys said that. If you guys get pushed around, Mike's [Michael Flynn's] recommendation was do not leave; stay there. Say, "We are the organization." And also, if you want to, from here on out set up a communication line with me, so that if I'm not called every 24 hours, then I know to get the feds and get down on the f__king doorstep.

One day "Joey" asked Armstrong, during a pause in their conversation, why he was so intent upon destroying the Church. His answer revealed that he had been working for the destruction of the Church even before he left it.

> J: What's your — your . . .
> GA: My purpose?
> J: Yeah, for the Church.
> GA: Well, my purpose initially is global settlement. I want that. I've done this sh_t now for going on three years, and even longer before that when I was inside . . .

On another day, Armstrong revealed how he expected to achieve his "global settlement" during a conversation with "Mike":

"There's no one around, aside from Michael Flynn, who has an understanding of this whole f__king thing like I do, and that's a fact."

> GA: . . . You know, you've — you've got federal agencies, you know, just about to bring the hammer down. You guys [the Church] are assaulted from every quarter with lawsuits. And they can all be bought off — they could all be bought off for — you know, for five cents on the dollar.

Perjured Testimony Revealed

Armstrong and a number of other "witnesses" for whom Flynn had drafted affidavits testified repeatedly under oath that the religion's founder, L. Ron Hubbard, was managing the Church of Scientology. These "witnesses" testified that they had "personal knowledge" that Hubbard was a "managing agent" for the Church.

However, the spontaneous comments made by Armstrong to one of the "Loyalists" in November 1984 clearly show that neither Armstrong nor Flynn nor any of the "witnesses" actually knew anything about current Church affairs or who was running the Church.*

> GA: Let's talk to these guys [government agents]. Great! I think that they would want to talk in person, because they're searching for understanding about it [the Church] with current Information. Obviously, the Information they have — unless they got hold of some defectors, is not very current. You know, 1982 is really the most current information, I believe, of anyone they're talking to that I know of . . . Have there been any high level defections — any defections recently that they're concerned about? . . . What is the actual line of control? Who is in charge? Because someone is. . . .

This admission of ignorance by Armstrong directly contradicts sworn testimony he has given in court. It is evident that neither lying under oath nor fabricating evidence were matters of concern for Armstrong.

High Level Infiltration

Armstrong suggested a method by which the information could be obtained: planting informants at high levels within the Church.

> GA: I just think you guys — I don't know if it's been tried before, but there's definitely a way to get to the top — that's been known in high political circles for a number of centuries.

Although Armstrong testified under oath that he never proposed or participated in any covert operations against the Church of Scientology, during a conversation with "Mike" on November 17, 1984 — prior to his testimony — Armstrong presented a full-fledged plan for creating his own intelligence network within the Church.

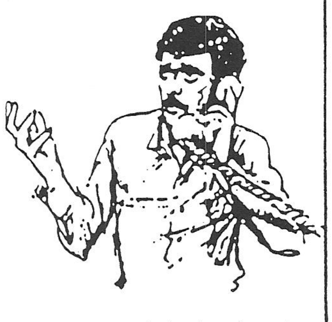
In this way, he hoped to have an immediately available information pool from which he could draw and, at the same time, plant false and incriminating documents.

Armstrong wanted to know if there were any "old intelligence personnel" within the Church who had secretly defected. Armstrong had in mind to replace the Church's private investigators with his own — planted — intelligence agents.

> GA: I don't know everything that can be developed, but possibly — I see the possibility of the removal of the PIs [private investigators]. They remove the PIs and they've got to set up their own internal information apparatus again. . .

He asked if there was anyone who was in a position to obtain the reports of private investigators.

> GA: Are they in a position where they can get current strategy? Are they in a position where they can get PI reports? . . . Can they find out who — who are the operating PIs currently? Can they do that?



He suggested that his "friends" in CID could help to gather damaging information on the private investigators. The information could then be slipped to Church officials, and would hopefully result in the firing of these investigators.

> GA: Now maybe you can't necessarily do all those things. Maybe CID can run a make on them. . . . And I'd like to — I mean, they can do it

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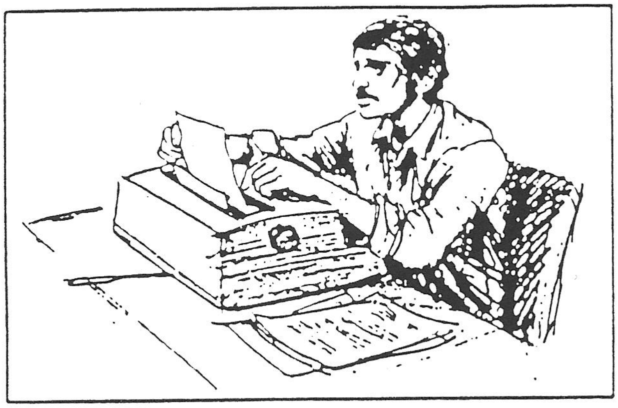
* The Church has been managed for a number of years by a committee of senior Scientology officials. L. Ron Hubbard retired from any involvement in Church operations some years ago and is currently pursuing his career as a best-selling science fiction author, as well as continuing his Scientology research.



> "... I can create documents with relative ease, you know. I did it for a living!"

PLOT

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They'll run checks. . . . That's the kind of liaison where — where you know, we can actually cause a lot of things to happen if there is that kind of detailed information going back and forth. . . .

I mean, I envisioned it at the outset that potentially you guys could — uh — develop an intelligence apparatus which the organization does not have currently, simply by scooping the PIs. If you had a lot, if you had some intelligence on Armstrong — you know — you could get a feather in your cap. And possibly move up in that way to the point where you're let in on what the f__k's going on. Or someone — you know what I mean? If suddenly — uh — you're the only guy that has, you know — let's say someone in the organization had the sense, the sense to retain a mole somewhere. And let's say that someone — we could set it up that someone got close to me. Then you've got your intelligence network. And then back the PIs off because you don't want them f__king it up.

Then suddenly you're getting funding to get them intelligence that you don't give a f__k if they get or not, but they get real excited about it. I mean, the organization — the people at the top — get excited about little — wow! You know — this has happened, or that has happened. Then they start buzzing about it, right?

M: Yeah.

GA: Well, you should give them something to buzz about. I don't know the form of it because it's only me. I don't know your — your capabilities, or who you've got on the outside, or — you know — the, the communication lines by which it could happen. We could set the whole goddamn thing up so that — so that you've got someone from the organization in the same apartment complex that I live in — that I moved to. You know what I mean? And — and possibly in that way you can — uh — have enough information so that it makes sense that you're contacting the people to talk about it.

M: Right.

GA: And becoming part of the top simply because you're — you're the guy who's got it. And they're going to depend on you. You following me?

M: Yup, I'm following you.

Obviously, Armstrong recognized that the use of private investigators was a threat to the government's covert plan to infiltrate and take over the Church. As has now been proven by the existence of these videotapes, and further authenticated by sworn affidavits recently filed in courts around the country, it was in fact the private investigators who uncovered the Flynn/government takeover plot before it could be carried out.

Planned "Disappearance"

Armstrong went to such bizarre lengths as to plot a staged "disappearance" which, as he hinted to one of the "Loyalists," could be blamed on the Church. This was not surprising, considering Armstrong's earlier false statements that he was "afraid for his life," at the hands of the Church, while appearing around the world as a media darling and "expert witness" against the Church of Scientology.

GA: I am only a relay point in this thing. However, I — I do make it, you know, my purpose to create as much sh_t as possible. You know, hence I have . . .

M: Sh_t for the organization?

GA: Yeah. I — whatever I do — you know, because I have no — I'm not hooked into anything. . .

M: Right. . . .

GA: In fact, you know, I'm in a more vulnerable position because I can be — you know, I'm so visible. What if I dropped out of sight?

M: Well, we'd lose you.

GA: Not necessarily.

M: You mean, we could set it up so that you just dropped out of sight?

GA: Exactly. You know, it could be real beneficial. Maybe it can draw the organization into something.

M: So, what if you dropped out of sight? I didn't totally follow the — the progression there. What. . .

GA: I mean. . .

M: What — what would the advantage be?

GA: It could possibly be a great deal of advantage. That I — I don't know . . .

M: I'm not — I'm not following that. I'm not — you mean we can maintain a comm [communication] line with you even though you were not as visible to everybody else in the organization?

GA: When someone drops out, it really excites people. You know what I mean? . . . If that were to happen, then — then. . .

M: But, don't you think that would just attract more attention to you and make it more difficult for us?

GA: I don't — I don't see why, necessarily.

M: And you feel like it would be best for you to drop out of sight in order to pull that sort of stuff off?

GA: No, not necessarily. I just see that — I know that that excites people in the organization when they can't find somebody.

M: What do you want to excite them — what? I'm a little lost on that as to why we would want to excite them about you. I mean, if you're our comm line

GA: You don't have anyone else to — you don't have anyone else whose life you're potentially in control of out here, in a position such as myself.

M: No.

GA: Someone who — someone who could excite them. I mean, I have excited them, right?

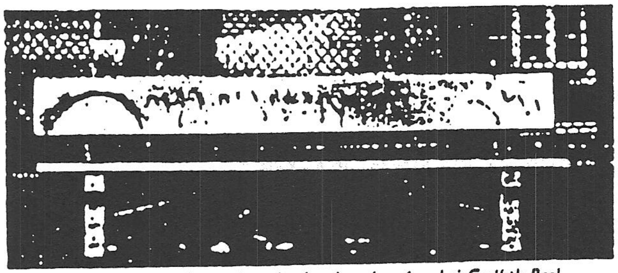
M: Right.

GA: The same thing could happen again. And maybe this time when it happens they can be set up. And maybe you can get what you need. . . I know that if you got some intelligence personnel in there, and you give them the idea — I mean, there's a lot of things that can be — that can develop. You know, with our existing communications line, it's such a unique situation that it can be developed into anything you want. . .

I don't have this thing about life and death that I used to have. In fact, I would rather welcome a bullet. In a sense, it puts me in a rather powerful position — not that I'm looking for it and that I would ever contemplate doing it myself, but, ah, I don't care. And if you guys can use the fact that I don't care and the fact that I write and the fact that I've disappeared and — uh — other facts which you can use

Script for Lying

Armstrong knew he was taking a risk in speaking so freely to "Joey" about his role in the Flynn/government takeover plot. To ensure "Joey" would not inadvertently blow his cover, Armstrong



Armstrong was videotaped on this bench in Los Angeles' Griffith Park instructed him on how to lie should he ever be questioned about their meetings

GA: OK. What are our conversations, should it come down to it?
J: What do you mean?
GA: What do we talk about? You're deposed. You walk out there, and there's a PI — hands you a paper saying, "You're deposed, Jack. And not only that, you're out of the organization." And what do you say in deposition? "Well, Armstrong and I talked about this and he had a whole bunch of ideas about how to infiltrate the communication lines and spread turmoil and disaster." You know? What are we doing here? That's my question, before I tell you my ideas on documents.
J: Well, what I got is basically — Loyalists gotta — we gotta move — we've got the suit coming up and I guess we need other lines to get stuff going. . . .
GA: OK. So far as the doc [documents] — let me just say — ah, you and I get together — we get together because I have a goal of global settlement. You have felt that the turmoil and the abuses and so on have gone on too long. Hence, we get together and discuss things. We have not discussed . . . that Scientology is bad, or anything like that. Are we agreed? . . .

Later, he made his position clear to "Mike":

GA: By the way, no one will ever get any names, any communications, any times, any dates or anything out of me. That's just the way it is. I'll go to prison before I ever talk, okay? So you have to know that, because they're wanting to depose me every couple of months. I'm simply saying "No." . . . I'm telling you what I would tell them in deposition, but they don't get anything else. . .
M: OK, so that — that's fine — we have an agreement on that point.
GA: Right. And you guys also have to have your agreements worked out between yourselves, too. Like — I don't know who knows I'm involved, but I'll deny it!

"Pool of Information"

Armstrong wanted to create an entire network of plants within the Church who would spread fabricated Church policy issues and also quietly recruit additional "Loyalists."

GA: An organization's comm [communication] lines are of various kinds, and I think you can use that fact — you know, realize what their comm lines are and plug into them.

He couldn't resist putting in a good word for his own skills in falsifying documents.

GA: You see, because I think that during a part of this, we can simply create these, you know — I can create documents with relative ease. You know, I did it for a living!
J: Great, so what kind of stuff are we going to want to create, and who's going to get it?
GA: That's what we need to talk about!

Armstrong gave "Joey" some helpful hints on how to assess the loyalties of Church members without anyone knowing what they were doing or who was doing it.

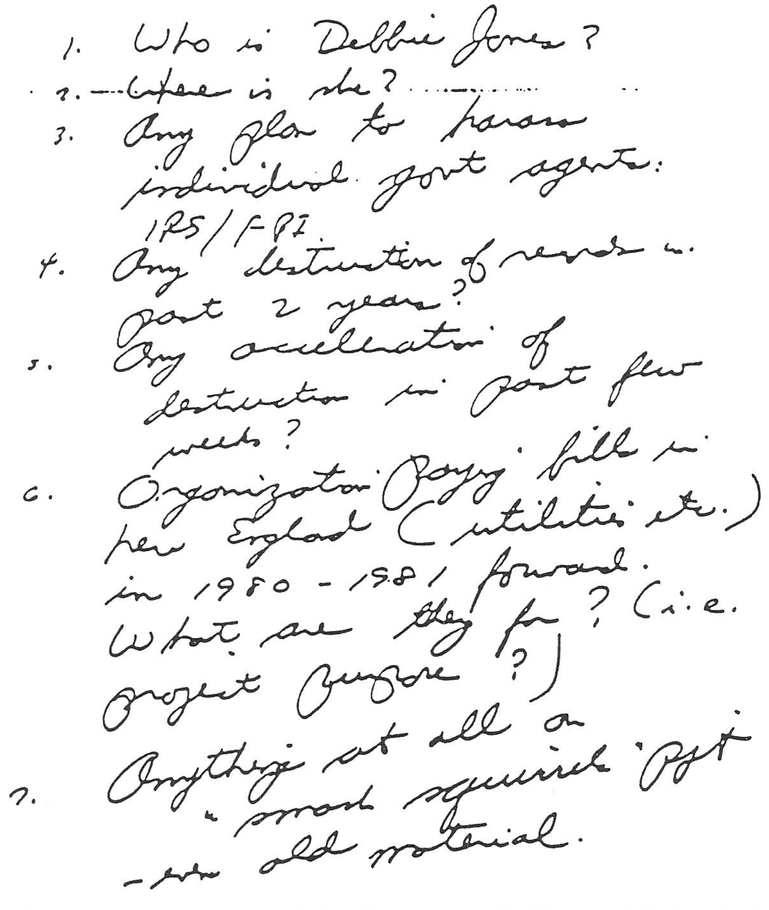
GA: I've given you the one thing which I think is a fairly smart idea, which is to use an issue as an assessment. It would happen everywhere. They could never tell, you know, if it was done right. It would be in all the baskets [in-trays or in-baskets] and they could never tell. . . . I tell you what — within the next 24 hours I'll give you an idea. I'll write something, and we can just toss around how it can be used.

Armstrong was pushing heavily to get someone to finance an outside printing operation. He painted the picture of what it would be like if "Joey" could just get someone to put up $20,000.

GA: Well, we could set up a press and we could produce issues, and then we could set up a network, and we could have communication lines running outside the organization. You could create a pool of information, just as an immediate thing. . . .

continued on page 12

"Armstrong came to the secret meetings armed with a government 'shopping list' which detailed the particular information the 'Loyalists' were expected to gather. . . . If no evidence existed, Armstrong suggested that 'Joey' could fabricate it, plant it in Church offices, and let the 'feds' know where to look when they went 'hunting.'"



1. Who is Debbie Jones?
2. Where is she?
3. Any plan to harass individual govt agents: IRS/FBI
4. Any destruction of records in past 2 years?
5. Any acceleration of destruction in past few weeks?
6. Organization Paying bills in New England (utilities etc.) in 1980 - 1981 forward. What are they for? (i.e. project purpose?)
7. Anything at all on "smash squirrels" Pjt — on old material.

PLOT TO DESTROY CHURCH REVEALED

continued from page 11

The purpose of this "pool of information," as Armstrong explained it, was to speed the process of destruction of the established Church leadership by providing the government with fabricated documents which could then be used to indict Church officials, thereby allowing the government to unstabilize the Church from within and to gain control of the Church and its assets.

At one point, Armstrong finally got exasperated at "Joey's" lack of enthusiasm for the idea of printing fake issues.

> GA: . It seems to me that you don't have a way of printing anything to get an issue on the lines [that can be] used for anything, right? I'm saying I can do it! I can type those goddamn things and duplicate them and make them look exactly the same! You can't — you wouldn't be able to tell the difference. You know, maybe under a microscope you can tell the type of faces, you know — this one's got a little crack on the "T" and this one doesn't . . . but that happens to be — that only happens to be one little piece of it. You put out another issue the next day for a totally different purpose!

COINTELPRO

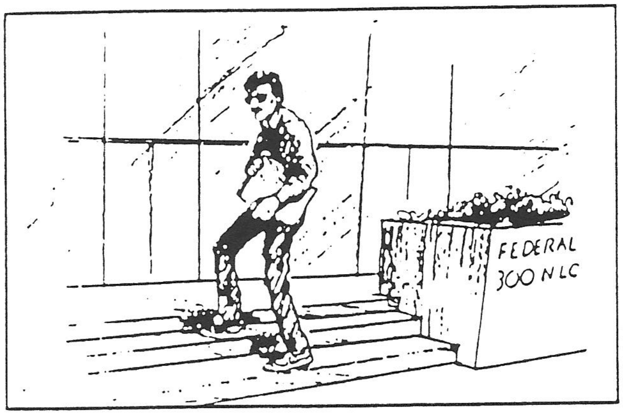
As bizarre as the Flynn/government conspiracy against the Church of Scientology may seem, such intelligence plots have, unfortunately, been routine within U.S. government agencies for years.

In the mid-1970s, both the FBI and the IRS were wracked with scandal when the now-infamous Counterintelligence Program was exposed.

The program, better known by its acronym, COINTELPRO, was exposed following a lengthy congressional investigation.

The destruction of specifically targeted organizations was laid out in several simple steps. An FBI memo dated April 4, 1968, listed a number of actions which could be used to disrupt and, ultimately, to destroy an unwanted group via COINTELPRO:

- Leaks to friendly news media;
- Obtaining the mailing lists and bulk mailing permit numbers of the organization and counterfeiting literature damaging to the organization; and
- Fictitious letters to news media exposing the group's plans.



"I've done this sh_t now for going on three years, and even longer before that when I was inside."

The memo noted that "Counterintelligence should also be directed against the individuals personally in an attempt to disrupt their personal and official activities and plans." Several suggestions as to how this could be done were laid out:

- Intimate knowledge of the individual's daily activities is vital to implement an effective counterintelligence campaign;
- Physical surveillance of the subject's motel room for immoral conduct. When such is detected, anonymous phone calls could be made to the local police department and newspapers;
- Anonymous calls to the subject's wife alleging infidelity with his traveling companions and/or female co-workers;
- Selected personal appearances could be disrupted by anonymous bomb threats;
- When sufficient data is collected regarding subject's income, conferences should be had with the IRS; and
- The regulatory powers of local and state agencies should be utilized to police the minor transgressions of the subjects, such as building codes, permits, traffic violations, etc.

COINTELPRO had been one of the government's best-kept secrets until its widespread exposure in the mid-1970s. The agencies were subjected to months of highly embarrassing and ruthlessly meticulous congressional investigations in both the House and the Senate, probing every aspect of their unconstitutional and illegal COINTELPRO actions against American citizens.

As a result, the FBI announced with broad publicity that COINTELPRO was cancelled. This was an accurate statement, but it was not necessarily true.

The program called COINTELPRO was officially cancelled; the door was left open, however, for the activities which had been conducted under this heading to continue. In the memo cancelling the program, then FBI Director J Edgar Hoover stated:

"In exceptional instances where it is considered counterintelligence action is warranted, recommendations should be submitted to the Bureau under the individual case caption to which it pertains. These recommendations will be considered on an individual basis. . . ."

Someone in a position to approve a counterintelligence proposal for the targeting of a thriving, influential church apparently felt that the destruction of the Church of Scientology — and the money and assets that could be seized if it were to be wiped out — fit into the category of "exceptional instances."

The videotapes of their bumbling agent, however, may well lead to further embarrassment for the government, as evidence continues to emerge that COINTELPRO is still alive and well in the United States ▲

COMMON GROUND

305 San Anselmo Avenue, Suite 217
San Anselmo, CA 94960
(415) 459-4900

Spring '89

HEALING & BODYWORK

CURES BY ARMSTRONG

I can cure nothing. I charge $39 for 55 minutes. One slot is all it takes; however I do not deter repeaters, and there are no addicts.

All conversations are recorded for your security and enjoyment. Tea is certain and cookies are intended.

Gift slots are available while time lasts. Buy one for a friend; or perhaps a politician, since they need to be cured of nothing as much as the rest of us. Groups depend on their size. Gang members are especially welcome.

Each cure is guaranteed and comes with an original signed receipt. For those who don't pay the work is free.

I am expert in nothing and pretty good with silence.

For scheduling call (415) 849-0929.

©THE GERALD ARMSTRONG CORPORATION, 6838 Charing Cross Rd., **Berkeley**, CA 94705.

COMMON GROUND

305 San Anselmo Avenue, Suite 217
San Anselmo, CA 94960
(415) 459-4900

Summer '89

CURES BY ARMSTRONG

Thank you to all who responded to my first ad and who didn't. As a result I still have plenty of low-numbered receipts, and yes appointments, available.

To clarify: TGAC has various teas but if there's something else you'd like served at your appointment let us know when you call to schedule and we'll try to have it on hand; our cookies seem to almost always be what our senior baker calls *somethingdifferentfromnasty mintchocolatechipdelights*, but we understand this can change.

There is the matter of value, so what I do really must have no cost. Henceforth as long as there's money appointments are free. Since the manufacturer's price for a signed receipt is $15, and the cure is guaranteed, it's not a bad deal.

At times nothing has seemed like everything. It isn't; everything is but nothing isn't. And since no one needs to be cured of everything my work is blessedly successful.

The logo was upside-down.

Call (415) 849-0929.

©THE GERALD ARMSTRONG CORPORATION, 6838 Charing Cross Rd., Berkeley, CA 94705.

COMMON GROUND

305 San Anselmo Avenue, Suite 217
San Anselmo, CA 94960
(415) 459-4900

Autumn '89

CURES BY ARMSTRONG

I can cure nothing. I do it by knowing, as my lawyer says, what it is.

126 words for $85. So far I'm only up to 27. Think of the readers. Every three months. Imagine!

There's but one reason for anything we do. If it isn't funny it isn't true.

I write, draw, talk with people, and I cure nothing. I am a philosopher because I think about what I do.

I have years of experience and thank God the past doesn't exist. I enjoy getting mail from people who write.

TGAC provides *Omni*, *Audio*, *Runner's World*, *Common Ground* and other fine publications in our patrons' waiting room

Nothing is without effect. Everything isn't. Call (415) 849-0929.

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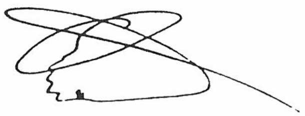
COMMON GROUND

305 San Anselmo Avenue, Suite 217
San Anselmo, CA 94960
(415) 459-4900

Winter '89



CURES BY ARMSTRONG

I still cure nothing and now I have a dog as well. I am, however, embarking, as he would say, on a new venture so this will be my last CG ad for a while. Thank you all for your indefectible responses.

I'll still be at the same address and phone number, and there's still some people who haven't called. Now is the season for gift slots.

Nothing I say is new, or there's another way of looking at it. And we're zeroing in on the Unified Field. As with Jell-O there's always room for space. Time is a different matter.

It's unlikely I'll ever have Meher Baba's wisdom, but some day I could have his nose. Call (415) 849-0929.

THE GERALD ARMSTRONG CORPORATION, 6838 Charing Cross Rd., **Berkeley**, CA 94705.

7-28-87

7076

Jonathan Marshall
The Tribune
P.O. Box 24424
Oakland, Ca 94623

Dear Mr. Marshall:

Please find herewith a letter/article which may be printable somewhere and a self-addressed, stamped envelope in case it's not.

Very truly yours,

G.

July 28, 1987 7077

Dear Captors:

This is an example of western, and I suppose Judeo-Christian, thought.

Tell you what: if it is retribution, agreement, understanding or similar you're seeking, and I must say truthfully that I really don't know for certain what you want, then let me make a suggestion.

②

this suggestion also covers exposure and profit motives. It ee ~~may~~ likely won't Cover land or territorial matters; although I have an interest in a home in the Oakland Hills I'll throw in if its absence becomes a deal-breaker. Weapons I can't help you with. All the hostages for me. Arrangements could be worked out in a few days by mutually agree-

able parties. I have
some absolutely trust-
worthy associates,
and I'm sure you do.
We could make the
swap let's say,
August 26, 1987. Time
and place at your
choosing. Transport
worked out by you,
me our mutual ac-
ceptable representatives,
~~alge~~ + and mutually
acceptable national or
territorial representatives
where applicable.

¶ Based on this agreement I believe we could leverage international pardons, or maybe an amnesty of sorts. But that's spinoff which need not be considered to initiate your first step in the action.

The immediate benefits from this agreement~~s~~ are worthwhile I think by themselves. You get rid of the bunch of hostages and get one, not partic-

ularly big-eating, but
in good health, man.
the personnel. the
food bill, the late
nights and all-day
mornings, these are
~~hard~~ problems which
you have courageously
vanquished now for years.
Yet it takes its toll.
I offer you one man, who,
although he likes to
run won't. One guard
and any room anywhere
will do. Don't need
books, paper, pens or
radio, or anything really.

Actually ~~[illegible]~~ pattern
you decided to do
e with me would be
fine. I'd go for August
26th execution if that
worked for you. If you
wanted torture, I could
be up for it. If you
wanted to do dinner,
sure. The emir's
daughter — just a joke.
If you wanted ~~to~~ a
listener, yes, with all
my heart.

And just think of
it, the whole world
would only know that

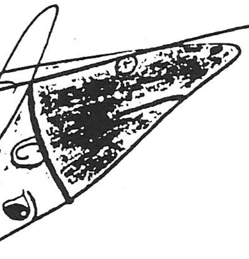
you were ⑦ strong and
been so human. You'd
be free. And the
hostages would be back
in arms that hold
them in love, so that's
another whole bunch
of lives. And I really
don't have anything
planned after August
26. So it works for
everyone.

I hope you'll get
back to me. Write,
or call anytime. Let me
know your thought.

Very truly yours,

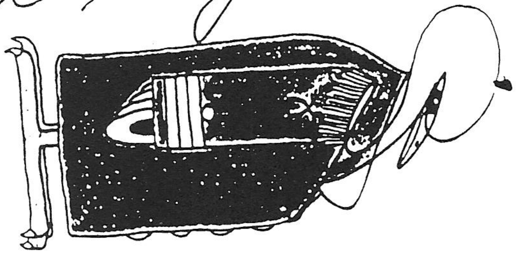
ital

G.



P.S. As you can imagine I don't have an address for you, so I'm depending on my fellow readership of the *Tribune* to pass my offer along.

cap
ital



Gerald Armstrong
7140 Buckingham Blvd
Berkeley, Ca 94705
(415) 848-9681.

7085

THE TRIBUNE

P.O. BOX 24304 (409 13th ST.) OAKLAND, CA 94623 (415) 645-2000

Received 8-4-87

Thank you for your submission to the Opinion Page. Unfortunately, we were unable to make use of it.

Best wishes,

Patrick Marshall
Opinion Page

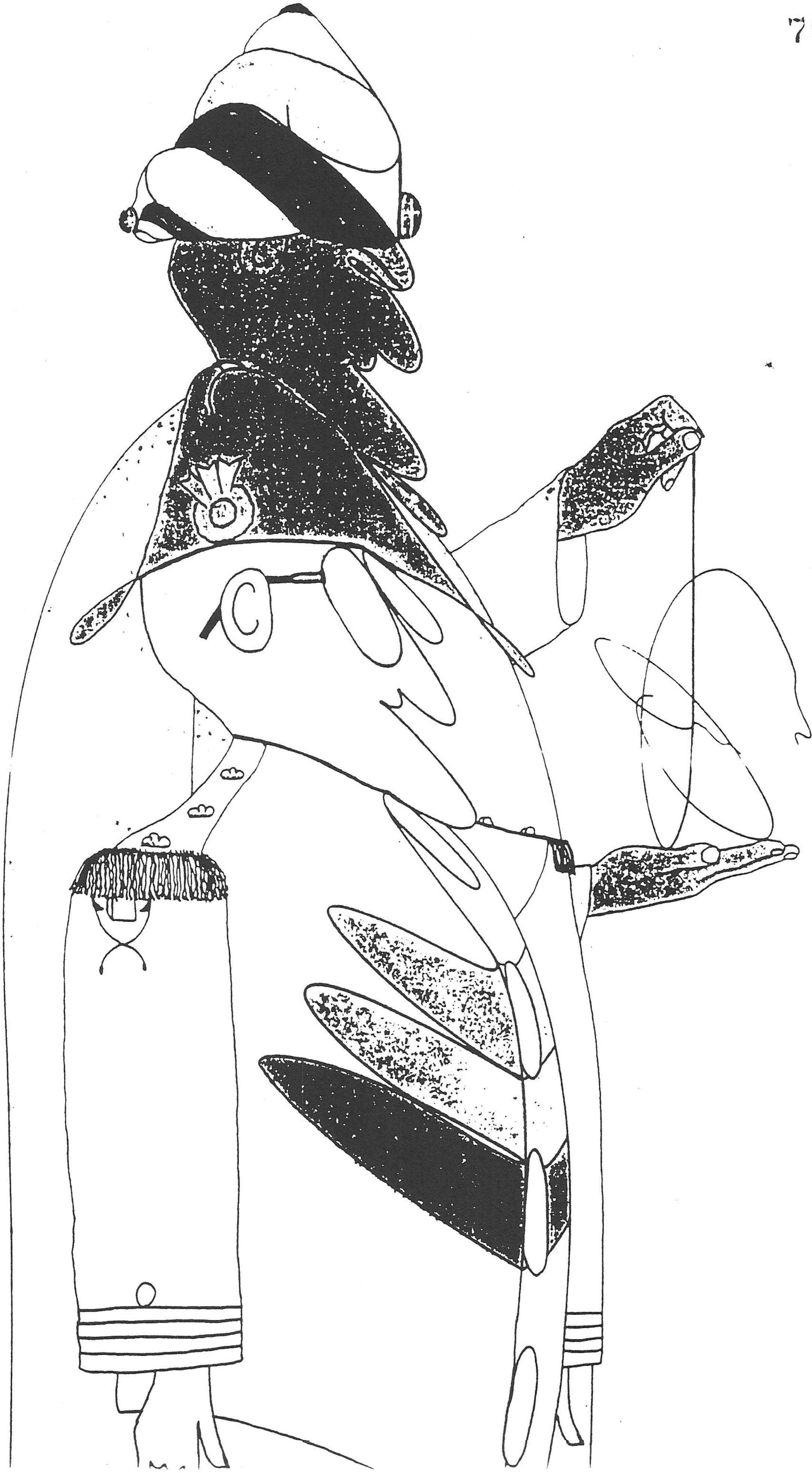
12-31-87

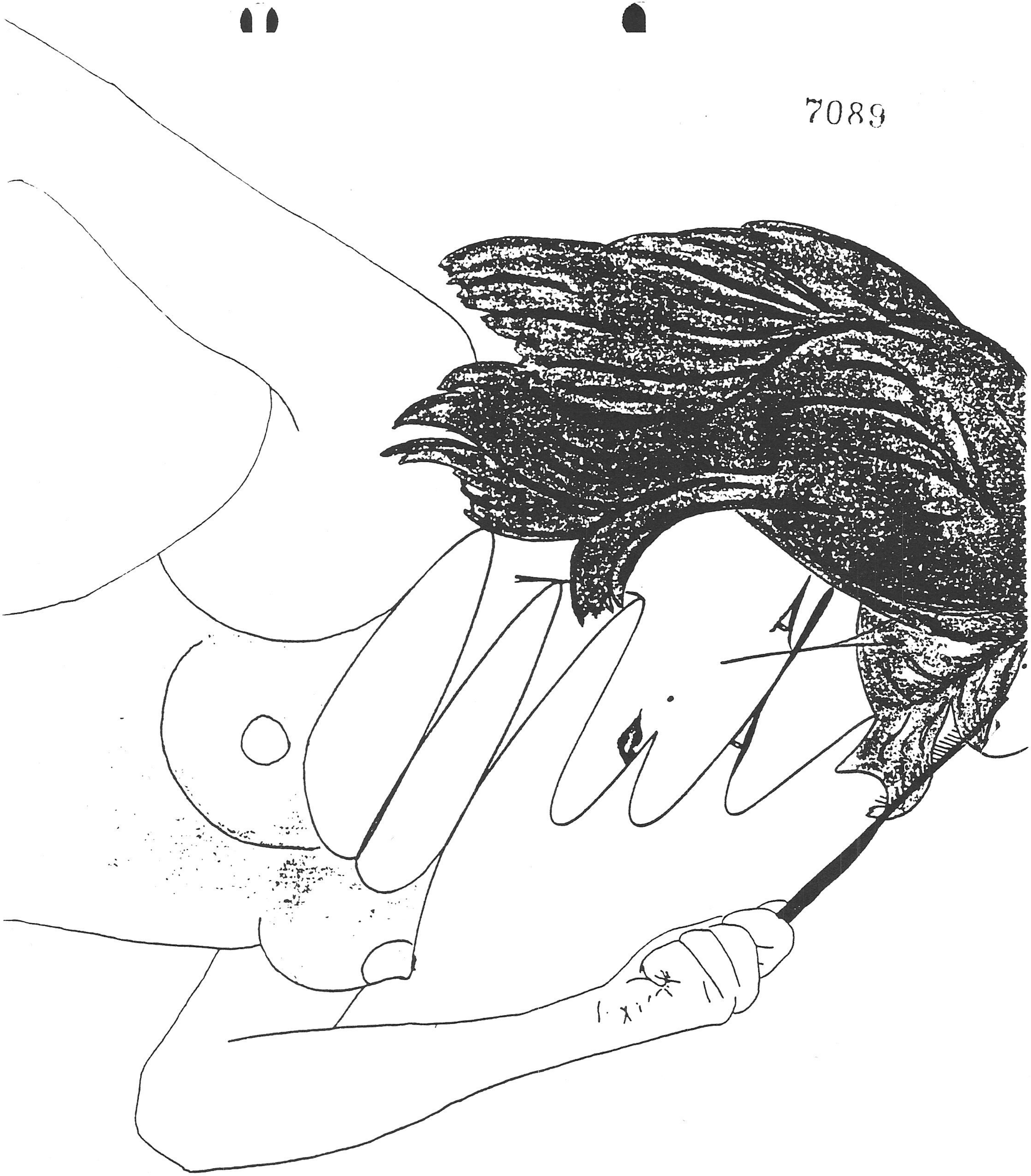
7086

the end of the past;
the integration of
the heart and the
intellect.
If you perceive at all
you don't know. Know
that. Yet you always
know; so perception is
impossible.
It is not only me.
this year salvation
can be learned.
My God with all my
heart.
At those other times,
know one thing: this
is not true. The

truth is (?) changeless.
Once there was truth
and illusion; now there's
only truth.
Nothing; no one in the
whole world fears me.
Isn't the precision of
language as beautiful
as a rose, a Verdi,
a Michelangelo, a
Gandhi, a star, a
perception of the rarest
beauty?
And now tonight.

7088





Jonathan Marshall
The Tribune
P.O. Box 24424
Oakland, CA 94623

October 14, 1989

Dear Mr. Marshall:

Please find herewith an article submitted for The Tribune's Commentary Page, and a self-addressed, stamped envelope for its return if you cannot use it.

I am a writer, artist and philosopher living in Oakland (although postally I have a Berkeley designation).

My philosophy is considered, certainly by me, to be something different from your paper's, and any paper's for that matter. I am in agreement with your paper, however, that a different philosophy is needed to solve society's problems.

I am not suggesting, and don't believe, that my philosophy solves these problems, or even that my philosophy should be believed. It may, however, provoke thought and may have its place in the evolution of a new and better philosophy.

With that in mind, would you be interested in a series of different, possibly provocative, never far from funny, but always unvitriolic articles. I do the sublime and the mundane; from love to litter?

And with that it mind, my literary representative and a good reference is attorney Michael L. Walton at (213)821-3105.

I am writing to you with this idea because I live in Oakland, because your newspaper is as good as any other and as great a place to start, and because Oakland, with all its apparent problems, could be a place of hope for the world.

Please call at any time if your newspaper has any interest in investigating my proposal further.

Very truly yours,

G.

Gerald Armstrong
6838 Charing Cross Road
Berkeley, CA 94705
(415)849-0929

cc: MCW, Esq.

A CRASH COURSE IN SPECULATION

The crash of '87 demonstrated at least one fact: money has no value. In a breath of history a trillion dollars disappeared, and nothing changed.

Some say the crash is back, and some say it's a matter of time. Some fear a crash will lead to panic, and some that panic will lead to a crash. In truth there isn't even fear to be feared.

But if the crash comes, or even if there's a panic, I have a solution: give money its real value, nothing. Have nothing to do with money. Accept no wages and pay no bills. Neither give nor receive money, for it has no value.

I am not urging a cashless, credit-based economy, for credit, based on money, is as worthless as cash. Nor am I arguing that money is the root of all evil, because evil is, like money, in reality, nothing. I am, however, suggesting that if our society is looked at closely and with hope in mind and heart it just might be observable that the elimination of money need not have a downside; i.e., it does nothing. And the ideal time for such a shift in perception to occur is when money can seem to be all important, at the point of greatest financial crash and panic.

I am not the first philosopher to note money's illusory nature nor to propose its elimination. In earlier times, however, money appeared to make more sense, society seemed to need it, and those who had accumulated lots of it were somehow successful in convincing those who had less that they were poorer, less secure, and should do what those with the lots wanted in order to get more. Now there is computerization, robotization and instant communication. Now money can go and not be missed.

It can still be collected, because collectors will, if they wish, continue to collect. Car makers can make cars, builders can build, truck drivers can drive, and farmers can farm, because that's what they do. Police can still bring law and order and PG & E can still provide power. Even the government can still govern. Mark and Jose can bash baseballs and each other and Rickey can still steal bases.

On the other hand thieves might not want to steal if there wasn't any money in it. The war on poverty can be declared won as everyone's real wealth will become obvious. The war on drugs would go the same way as there would be no one to sell to or buy from. Who would backhaul deadly chemicals in food containers if the illusion of economic advantage was removed? Traffic problems disappear and environmental issues can be resolved. The homeless can have the banks, brokerages and insurance companies; in fact the whole financial district. Brokers, bankers, investors and insurance agents can do whatever they want. No more deficit, no more taxes, no more stock market, no more crashes.

I am not advocating anarchy, but believe it can easily be avoided if when the urge to panic arises we do nothing; including and especially doing nothing with money. Nor am I promoting any political idea akin to communism. The communists have not shown the courage or risibility needed to relinquish their rubles. I am suggesting non-mutual exclusivity as a better idea. Something does not mean something else.

No one need feel threatened by any idea herein. Ownership and occupancy of property is not an unsolvable problem. Equitable distribution of goods is not necessarily less easy than the current inequitable system.

It is becoming clear that we are now entering the Age of Wisdom, because we can now understand what it is. No one has ever been able to write on the Face of God that in money we trust, but someone in his wisdom got it right the other way around.

Gerald Armstrong
6838 Charing Cross Road
Berkeley, CA 94705
(415)849-0929
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Thomas R. Pickering
US Representative to the UN
US Mission to the UN
799 United Nations Plaza
New York, NY 10017

November 7, 1990

Dear Mr.Ambassador:

I have today sent this letter and the accompanying copy of my letter of November 1 to the President of Iraq to each of the addressees on the also accompanying addressees list.

The first six addressees I believe are in a position to do something serious, and if not serious at least funny, with our offer. Richard Behar at Time gets a pack because he's the only contact I have in the media who owes me a meal. In his copy of this letter I have changed the pronouns where applicable.

On November 2 I delivered a copy of our offer to The Tribune in Oakland and I have given copies to a dozen or so friends. The offer, I, and I know others, believe to be worthy and worth communicating. The outcome is inevitable; the form is in God's hands.

I ask that you consider our offer, and if you find in your heart any reason to pass it on to Saddam Hussein, or to anyone anywhere, you do so, and if you find any desire to communicate with me, you feel free.

Peace to you.

Gerald Armstrong
707 Fawn Drive
Sleepy Hollow, CA 94960
©The Gerald Armstrong Corporation

Javier Perez de Cuellar
Secretary-General
United Nations
New York, NY 10017

George Bush
President of the United States
White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20500

Thomas R Pickering
US Representative to the UN
US Mission to the UN
799 United Nations Plaza
New York, NY 10017

Abdul Amir Al-Anbari
Ambassador of Iraq to the UN
14 East 79th St
New York, NY 10021

James A. Baker III
Secretary of State
The Department of State
2201 C Street NW
Washington, D.C. 20520

Ambassador of Iraq to the US
1801 P St. NW
Washington, D.C. 20036

Richard Behar
Correspondent
Time
Time & Life Building
Rockefeller Center
New York, NY 10020

7097

Saddam Hussein
President, Iraq
C/O The Tribune, Oakland, CA

November 1, 1990

Dear Mr. President:

We the people do not get to negotiate for this country, just as your people do not negotiate for Iraq. If we could, however, here's an offer.

1. We will immediately reduce our nuclear arsenal by 50%.

2. We will immediately begin the elimination of our chemical weapons.

3. We will immediately cease our troop and armament buildup in the Middle East.

4. We will immediately allow passage into Iraq of food and medical supplies.

5. We hereby apologize for the silly things our leaders have said about you. That is the nature of all leaders with armies.

6. You must withdraw your army from Kuwait.

7. Upon your withdrawal from Kuwait we will support U.N. supervised free elections in that country. No people should be oppressed by either dictators or playboys.

8. Upon your withdrawal from Kuwait we will support a U.N. supervised program of reparations.

9. We will immediately initiate a program to send engineers, technicians, teachers and philosophers to Iraq, Iran, Jordan and Kuwait to assist in the peaceful and ecologically wise development of those countries. We will not send money because it has no value, and because we don't have

any. We do have lots of engineers, technicians, teachers and so forth. We have expertise and we have time.

10. We will immediately make a similar offer to Israel regarding the territories its army now occupies.

In our school of thought we call a holy war oxymoronic. You should not, as we also say, take that personally. We know our own leader, who claims to be losing it when patience is infinite and unloseable, to be an occidental moron, and that doesn't bother him.

It is true that God is on your side. It is also true that He is on ours. He does not, however, engage in war. His answer to war is peace. War is the stupidest of human activities, since stupidity can be quantified. Peace is wise beyond words.

The wise know that anger, aggression, hatred and war are merely cries for peace and help. You did what you did to get our attention, and you succeeded admirably. For the first time in modern history, since we have only just entered the Age of Wisdom and can understand what it is, you have provided us with a global opportunity to respond to anger, aggression and hatred with the help they call out for.

You have not threatened peace because it cannot be threatened. Peace will be around long after the wars of man have ended forever.

Anyone who made one penny of profit off this crisis is no better than you. Of course anyone who lost money in the matter is no worse. And that is simply another way of saying that the only possible difference between you and me is that I know we're both the same.

Asking your people to die for a cause, or a country or for anything is silly. It is silly because it is impossible. It is impossible because no one can die. That is why the wise have rarely been heard from and thus far do not govern the world's nations. The silly, who do the governing, insist that their people die. But that is just a matter of time.

Bodies can be hacked or shot, burned or buried. What the silly call killing is really just a matter of littering. That which people are, which any philospher or prophet or real scientist knows, does not die and goes nowhere. Mohammed, you can bet, is still with us all. Nevertheless, because of the anguish the silliness of killing engenders and because of all the effort wasted in doing essentially nothing it makes good sense to stop trying.

The motive behind killing is an attempt to prove ourselves unworthy of God's love. We have come up with ever more heinous crimes and instruments of destruction, individually, racially and globally, to prove we are unloved and unloveable. And we have done nothing. God remains unchanged and infinitely loving, and peace is unshaken. Therefore be of good cheer and do something which is not nothing--be an instrument of peace.

There is still the matter of hostages. Actually we should be very heartened by the many planeloads of foreign nationals you have allowed to leave Iraq. Unfortunately we in this country have been taught to see only the emptiness in our glasses. So we propose the following.

The writer of this letter hereby volunteers to replace all your hostages. I made a similar offer to the captors in Lebanon a couple of years back, although I'm uncertain if they even received my communication. I suppose I would be a more desirable hostage if I was more celebrious, but celebrity is something over which we have almost no control. In fact my only claim to fame may be that I am the least known philospher in America. I would go wherever you want and suffer in whatever conditions you deem appropriate. If our side failed to perform any part of the agreement reached with you I would be executed. I would be available for torture if you desired.

I could perhaps serve as a hostage for both sides, sequestered somewhere on neutral ground, in Geneva or Beirut for example. If either side failed to perform any part of the agreement the other side could execute me. Such an execution might provide sufficient satisfaction to make war unnecessary. I have plenty of lawyers to work out the details.

Please give our offer some thought and let us know. This is a matter of some urgency for all of us.

Very truly yours,

Gerald Armstrong

©The Gerald Armstrong Corporation

P.O. Box 751
San Anselmo, CA 94960
(415)456-8450

THE GULF

If ever there was a time for humans to come together it is now. Of course we have never been apart so the task is not that difficult. What appears to be a gulf may not be. If it isn't funny it isn't true, and that, if one truly looks at it, is excruciatingly funny.

Accompanying this note is my proposal of November 1, 1990 which I believe is serious enough to make even Saddam Hussein smile. The media said he blinked when he freed the foreign nationals. I bet he laughed. I sent my proposal to the Oakland Tribune, the Los Angeles Times, and the individuals on the accompanying addressees list, all of whom received my letter of November 7, a copy of which also accompanies this note. My contact at Time magazine laughed. I have no idea if any of the others did. And I still don't know if President Hussein received my proposal. I did see him on TV smiling, and as we know he did free the hostages.

Some people believe the proposal has merit. If a whole bunch of people in this country believed, the few non-believers who believe they run it wouldn't. Believe it or not there is wisdom.

I am handing out 20 copies of this note and the accompanying materials at the meeting tonight of the Fairfax Town Council to consider a resolution opposing US military offensive action in the Persian Gulf. If you believe the proposal has merit, or if you crack the tiniest smile, don't be dismayed by the copyright, copy it and pass it on.

And peace to you too.

©The Gerald Armstrong Corporation
December 10, 1990
(415)456-8450

7102

To the American People January 10, 1991

Please find herewith:

1. 11-1-90 letter to Saddam Hussein
2. 11-7-90 letter to the Secretary-General of the UN
3. Addressees list for the 11-7 letter
4. 12-10-90 cover letter to 1-3 above entitled "Gulf."

I believe that if they thought about it for very few seconds a majority of Americans anywhere in America would say "Let's give the Armstrong Proposal a chance." And I believe that a majority of Americans have a few seconds to spare for such a thought. And for the life of me I can't see why the proposal shouldn't be offered.

It would have to be admitted that the proposal is a lot more fun than war. It should be given a chance, even if only to see if Saddam laughs. We still have time to get it to him before January 15 and he still would have time to laugh or not laugh before that date. I mean, what if he said, "I accept the Armstrong Proposal!"?

In the instant crisis war means unprecedented violence, murder, terror and disaster. Same thing once it's done. The guilt the US will build out of its imagined terrible national stupidity will threaten the nation. Peace, on the other hand means that that unprecedented violence, murder, terror and disaster and that massive stupid guilt don't happen.

Peacemakers save war makers from their worst nightmares. Only wimps send men to war. Others fight for peace. That Saddam thought Iraquis were not the same as Iranians, and then Kuwaitis, does not mean we need make the same mistake. Now that we really do understand that the Iraquis are not only our brothers, they are us, war is not only ridiculous it is murder. The good thing is that murder is merely silly.

I didn't hear back from any of the addressees on the list. The Oakland Tribune sent back the letter and some other writings without comment. I sent the package to a friendly journalist at the LA Times and it got buried under his stack. I gave the proposal, some of my significant press, one of my recent books and some other writings to a San Francisco Examiner writer in a box and she returned it all, also without comment a month later.

So somebody please pass the proposal on to Saddam Hussein. Somebody else tell President Bush to hold off until the people have considered the proposal and Saddam has had that chance to laugh. Some other comedian organize something. For the love of God!

G.

Gerald Armstrong
P.O. Box 751
San Anselmo, CA 94960
(415)456-8450
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